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NATIONAL DEFENSE MIGRATION

HEARINGS

BEFORE THE

SELECT COMMITTEE INVESTIGATING NATIONAL DEFENSE MIGRATION HOUSE OF REPRESENTATIVES

SEVENTY-SEVENTH CONGRESS

FIRST SESSION

PURSUANT TO

H. Res. 113

A RESOLUTION TO INQUIRE FURTHER INTO THE INTERSTATE MIGRATION OF CITIZENS, EMPHASIZING THE PRESENT AND POTENTIAL CONSEQUENCES OF THE MIGRATION CAUSED BY THE NATIONAL DEFENSE PROGRAM

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PART 18

DETROIT HEARINGS

(Industrial Section)

SEPTEMBER 23, 24, 25, 1941

Printed for the use of the Select Committee Investigating National Defense Migration

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U.S. Congress. House. Select committee investigating national defense migration,
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National Defense Migration

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For greater convenience the Detroit hearings are published in two volumes. This volume, under the title, "Part 18. Detroit Hearings (Industrial Section)," includes the testimony of all witnesses except Prof. E. B. Hill, of the farm-management department of Michigan State College, who appeared before the committee to discuss agricultural migration and related subjects exclusively. Dr. Hill's testimony, together with his prepared statement and other papers dealing with various phases of Michigan agricultural migration, appears in the second volume of these hearings, under the title, "Part 19. Detroit Hearings (Agricultural Section)."

NATIONAL DEFENSE MIGRATION

TUESDAY, SEPTEMBER 23, 1941

House of Representatives,
Select Committee Investigating
National Defense Migration,
Washington, D. C.

MORNING SESSION

The committee met at 9:30 a. m., in the Federal Building, Detroit, Mich., pursuant to notice, Representative John H. Tolan (chairman) presiding.

Present were: Representatives John H. Tolan (chairman), of California; Laurence F. Arnold, of Illinois; Frank C. Osmers, Jr., of New Jersey; Carl T. Curtis, of Nebraska, all as members of the committee; and, as guest of the committee, Representative Fred L. Crawford, of Michigan.

Also present: Dr. Robert K. Lamb, staff director; John W. Abbott, chief field investigator; Francis X. Riley and Jack B. Burke, field investigators; and Ruth B. Abrams, field secretary.

The Chairman. The committee will please come to order. I wish to announce for the record that Mayor Edward J. Jeffries is absent from the city of Detroit. His secretary, Mr. Alfred S. Colinski, has extended to us every courtesy.

Governor Van Wagoner, you will be our first witness.

TESTIMONY OF HON. MURRAY VAN WAGONER, GOVERNOR OF THE STATE OF MICHIGAN

The Chairman. Governor Van Wagoner, I would like to say to you at the beginning of this hearing that your prepared statement has been gone over carefully, and I think it is a very valuable contribution to the record of this committee.

I might explain briefly, Governor, that this committee was originally known as the Select Committee to Investigate the Interstate Migration of Destitute Citizens.

We started our hearings in New York, knowing that it was not just California which had that problem to face, and we heard Mayor LaGuardia inform us that the State of New York had spent millions of dollars for the care of nonsettled citizens, and that hundreds of such citizens had been transported to their homes.

From New York we went to Montgomery, Ala.; Lincoln, Nebr.; Chicago; Oklahoma City; San Francisco, and Los Angeles. We found that there were about 4,000,000 people on the road, traveling between States.

We are not interested in the perennial tramp or the hobo, but we are interested in these people who take to the road on account of circumstances over which they have no control. You know as well as we do that those citizens lose their residence status in the States from which they have come, and do not gain residence in another State for years. Millions of our people are thus made Stateless, homeless, and voteless.

It is interesting to note, Governor, that there are 28 States in the Union which make it a crime to transport a poor or indigent person across State lines.

We have reported to Congress on the problems arising from that situation. The committee was continued this session to investigate and report on the migration of workers as a result of the national-defense program. And that is why we are in Detroit. In this latter phase of our inquiry, we have held similar hearings in San Diego, Hartford, Trenton and Baltimore, and in Washington. We are trying to pin down the factors of danger and risk to both your own community and the national welfare, as they are uncovered in our investigation of national-defense migration. One thought I wish to convey at the outset is that we have come here to Detroit not to "show up" Michigan, or Detroit, but simply, in a cooperative way, to get the facts. We have never issued a subpena. We have never attempted to cross-examine anyone. In other words, Governor, we are in Detroit for these purposes: First, to find out the character and extent of this shift from nondefense to defense areas as it affects the State of Michigan; and second, to see if we cannot in some way bring out a plan to cushion the shock when the national-defense program is completed.

To my right is Congressman Arnold of Illinois, and to my left is Congressman Osmers of New Jersey. Congressman Curtis will be here shortly.

Governor VAN WAGONER. Mr. Chairman and members of the committee, I would like to put in the record, if I may, the fact that I think your committee is moving on very sound ground in going about from State to State and getting the facts in regard to this problem, rather than requiring the people of the States to go to Washington to give their testimony, as is so often done. I am sure that the witnesses feel more at liberty to say what they want to say. And then there is also, of course, the cost. It involves a considerable expenditure of money and time in requiring people from the various States to travel great distances in order to cover this problem.

This is my first experience in testifying before a congressional committee in the State of Michigan, and I want to compliment you and the members of your committee for taking this broad-minded stand and going about the country to seek this information.

(The statement submitted by Governor Van Wagoner is as follows:)

STATEMENT BY HON. MURRAY D. VAN WAGONER, GOVERNOR OF THE STATE OF MICHIGAN

As the first witness at the Michigan hearing, I understand my best service to this important inquiry will be in presenting an over-all account of how the defense program in all its ramifications is affecting the normal economy of Michigan.

During the past year there has been an almost uninterrupted rise in employment and production in Michigan's factories. Thousands of workers have been absorbed in defense work, as Michigan plants took part in the expanding production of tanks, planes, and other defense materials. At the same time a rising national income has raised our production of automobiles and consumers goods to boom-time levels.

With thousands of new jobs created by these two forces, Michigan's factories have served as magnets for the migration of thousands of workers from rural Michigan and other States. Many of these migrants have been unsuccessful in the search for work, since our employers have given preference to local workers in filling new jobs. In some cases, where the local labor supply was insufficient, migrants did find work and settled near the new defense plants, creating serious problems of overcrowding, and pressure on inadequate facilities for sanitation, schools, roads and other public services.

A new type of migration will be our principal problem in the immediate future. Production quotas for the automobile industry, which will reduce the output of automobiles by 48 percent in December and perhaps as much as 75 percent by next spring, will eliminate at least 150,000 or 200,000 jobs in nondefense production. Shortages of critical materials must be expected to cause serious lay-offs also in nonautomotive industries.

Increases in defense employment during the next few months will fall far short of offsetting the displacement of workers from civilian production. Without additional contracts, close to 100,000 may be unemployed in January. This dislocation will create a very real danger of outward migration, as industrial workers move back to their former homes or travel to other areas in search of work. One of our main problems will be to prevent this out-migration from having undesirable results and in leaving a shortage of workers when our defense production reaches its peak in 1942.

The shift from civilian to defense production will also cause major problems in this State by cutting into expected revenues from the sales tax and other sources; by greatly expanding the cost of relief and Work Projects Administration employment; and by endangering the small nondefense industries which furnish the lifeblood of the smaller towns and cities throughout the State. I think that these problems can be solved, but the solution will require the whole-hearted cooperation of Government, industry, and labor.

MIGRATION AND GROWTH OF POPULATION

Migration has played a vital part in Michigan's growth from a population of 2,420,982 in 1900, to 5,256,106 at the time of the 1940 Federal census. From 1900 to 1930, the rise of large-scale industry and the decline of agriculture, lumbering, and mining caused not only a vast influx of labor from outside the State, but also caused migration of rural Michigan residents to the industrial areas of southern Michigan. In that period, Michigan changed from a rural people to one 66 percent urban.

The depression years from 1930 to 1935 reversed this trend to the cities and reduced the urban population to 65.7 percent of the total. Since 1935 the resumption of industrial expansion again has reversed the trend, so that today nearly 75 percent of Michigan's population is concentrated in cities of 2,500 or more.

Nearly half of Michigan's present population today is in the five contiguous counties of the Detroit metropolitan area in the southeastern corner of the State. This industrial empire has two-thirds of the State's 6,000 factories, two-thirds of the State's 900,000 workers engaged in manufacture, and two-thirds of the State's 225,000 industrial defense workers.

The importance of automotive manufacture, Michigan's leading industry, is best shown by industrial distribution of Michigan's pay-roll totals for 1940. Of the $1,908,000,000 total of all State pay rolls covered by the Unemployment Compensation Act for 1940, $1,200,000,000, or 63 percent, was in wages in the automotive industry and those steel and machinery plants which depend almost exclusively on the auto industry for markets.

INDUSTRIAL EMPLOYMENT IN MICHIGAN

Three-quarters of all industrial employment in Michigan is either in the automobile industry or in groups directly dependent on automobile manufacturing. If industrial transition unemployment is large, or of long duration, at least 40 nonmanufacturing jobs are wiped out for each 100 factory jobs which are eliminated.

Outside of the five-county southeastern industrial area, other major defense and manufacturing centers are in Flint, Saginaw, Jackson, Kalamazoo, Bay City, Lansing, Grand Rapids, and Muskegon—all in the southern half of the Lower Peninsula.

This lower section of Michigan, containing the bulk of population and manufacture, also has the larger share of the State's 225,000 farm families.

North of the Bay City-Muskegon line, and including all of the Upper Peninsula, about half of the total acreage has reverted to the State through property-tax delinquency. This is the cut-over timberland. In the last decade, it has shown a general revival of growth because of new agricultural activities and increasing tourist and resort trade.

Northern Michigan's chief industry—which now has become second only to automobile manufacture as a source of income to the State's residents—is this tourist and resort trade. The recent season was the best in history, with twice as many tourists motoring to Michigan each year as come to Arkansas, the second largest mecca of motoring vacationists. Fully 80 percent of our population in the northern part of the State depends on tourist business to sustain itself.

For many years certain Upper Peninsula counties have had a widespread unemployment problem because copper mining had reached unworkable levels for the price of the production. Because of the importance of copper to the defense program, Michigan recently has received promises of a price differential which will permit reopening of the mines, and employment of the workers. There is need for quick action here, because wholesale and undesirable emigration from the copper area will result otherwise, to the detriment of the defense program needs.

STATE TAX REVENUES AND DISTRIBUTION

Two financial trends in Government highlighted the last decade.

First was the demand for more social assistance, which increased expenditures by Federal, State, and local Governments in Michigan $200,000,000 a year, so that by 1940 the combined governmental expenditures for all purposes topped $550,000,000.

Second was the ineffective public demand for economies, which resulted only in the shifting of financial burdens from local government to State and Federal agencies.

By 1934, the break-down of the general property tax resulted in Michigan becoming one of 13 States which now leave this source of taxation entirely to local governments. Whereas school property taxes previously had been as high as 22 mills, today the average is about 7 mills. Whereas total property tax formerly reached up to 40 mills, today, by State constitutional amendment, 15 mills is the limit to which the real property tax can rise.

Ten years ago, State contributions to local government were $33,000,000 a year. For the last fiscal year, ending June 30, 1941, State aid to local units of government totaled over $121,000,000 and represented 60 percent of all State operating costs. Federal grants represented nearly $15,000,000 of this State-aid total and does not include other Federal expenditures for such enterprises as Work Projects Administration, Public Works Administration, and Civilian Conservation Corps.

The State deficit amounted to nearly $30,000,000 on last January 1, and today has been reduced to about $12,000,000, chiefly because of a spurt in sales-tax collections.

Michigan's State tax sources are the most sensitive to economic conditions of any State, because we are unique in depending on the sales tax for 69 percent of general fund revenues.

Automobile license fees and gasoline taxes are reserved by constitutional amendment exclusively for road building and maintenance, and cannot be used for general governmental purposes.

Four functions account for 87 percent of State expenditures—education, social aid, highways, and institutions such as hospitals and jails.

State governmental administration costs have increased only 1 percent in the last decade. The remainder of the 100-percent increase in State expenditures in the last decade was taken up 75 percent by aid to local governments and 24 percent by State purchasing and new revolving funds, the principal one being for the Liquor Control Commission.

EFFECTS OF DEFENSE PROGRAM ON STATE FINANCES

Since Michigan depends so heavily on the 3-percent sales tax, and since this tax cannot be collected on defense items or even on federally sponsored defense plant construction materials, Michigan's financial stability depends on whether our citizens are permitted to continue spending a reasonable percentage of their wages on nondefense items.

Food sales today bring in 29 percent of the sales-tax revenue; automobiles and accessories, 21 percent; building materials, 6 percent; wearing apparel, 6 percent; furniture and household appliances, nearly 4 percent; general merchandise, 14 percent, and miscellaneous items, 20 percent.

Durable goods thus constitute roughly 40 percent of the total sales-tax source. Any drastic curtailment of such production will directly and most adversely affect the main source of State revenue, unless a reasonable buying shift results to nondurable goods.

The sales-tax picture has been bright this year. For the 1942–43 period, the outlook is definitely dangerous for Michigan finances. Our budget requires an annual sales-tax revenue of nearly $70,000,000.

Because of Michigan's dependence on tourist income as its second largest industry, and because highway travel is the main method of generating this tourist business, severe rationing of gasoline or complete shut-down of the production of new cars, would have critical reactions on the State welfare picture.

Welfare appropriations, paid jointly by the State and counties, will be adequate for the expected hardships of the 50-percent automobile production cut in December, which we estimate will add 25,000 families temporarily to the relief rolls. But if defense employment does not absorb the slack in a reasonably short time, supplemental welfare appropriations will be necessary. Relief rolls are at a 10-year low today, although that is partly due to the shift to categorical relief and Work Projects Administration.

There is no gasoline shortage apparent for Michigan or the Midwest. Our own oil fields are expanding production. We look for a good tourist year in 1942, but if adverse conditions develop, our welfare and unemployment load will rise tremendously.

Higher wages and rising costs of living due to defense influences are creating strain on State pay rolls and social programs. Recently our State civil-service commission found it necessary to adjust upward to a $100 minimum increase, all lower-bracket State salaries.

We are surveying all State departments in an effort to reduce personnel to offset these salary increases, and I am confident that some success will be had in this effort. However, understaffed and underbudgeted State institutions will require supplemental appropriations in the near future, and total State operating costs are bound to rise if we are to meet our responsibilities fully.

In the State-Federal fields of categorical assistance, rising costs of living are creating a real injustice to 30,000 children outside of the Detroit area, on the aid-to-dependent-children rolls. Federal grants do not match the State grants, and should be adjusted immediately to follow the old-age assistance pattern of equal contributions by State and Federal agencies.

The plight of a mother trying to provide for her child on an inadequate allowance, at a time when the child needs the moral and physical strength of good food and decent clothing and housing, is to me the most pitiful plight that can exist in our social-security program. In Michigan, the deficiency is entirely a Federal one. Adjustments should be made at once.

The old-age-assistance program now presents a State financial problem. Michigan this year has wiped out almost its entire old-age waiting list of 25,000 persons. Our efforts to stabilize the program at around 100,000 persons now are endangered by rising costs of housing and food. If present trends continue, we will have to allocate an additional $1,000,000 a year to this program or revert to the waiting-list plan. Food costs have risen 14 percent and our program now does not provide a minimum adequate food budget for old-age pensioners.

EFFECTS OF DEFENSE PROGRAM ON ECONOMIC AND SOCIAL STRUCTURE OF MICHIGAN

By the end of November, it is estimated that at least 33,000 automobile workers will be unemployed in Detroit because of the automobile-production quotas. By January 1, it is estimated that this total will reach 45,000.

These estimates are based on present indications. The picture was darker 2 months ago, but has been improved by additional defense contracts and by speed-up of the rate of induction of workers into defense plants.

We hope the hardships now looming can be further alleviated. The problem is being tackled intelligently today by Federal and State agencies and by employers and labor unions. A 32-hour week would prevent any unemployment until December, and would cut the unemployment total to 16,000.

The city of Flint faces a greater relative defense unemployment than any other in America, unless given additional defense contracts quickly. By November Flint faces an employment decline of 8,100 on a 40-hour week, or no decline on a

32-hour week. By January the totals will be 16,800 or 11,700. Entirely an automotive town, Flint has 45,000 industrial workers and only 2,000 on defense assignments.

Other Michigan industrial centers can transfer to defense jobs with less difficulty, but still need added contracts to absorb enough employees.

CONTRACTS AND SUBCONTRACTS

The most threatening social and economic problem in Michigan today is the fate of the 2,000 small- and medium-sized factories scattered throughout every city in the State.

Subcontracting was widely practiced by the automobile industry during all the years of its civilian growth. Michigan's manufacturing empire cannot be looked upon as confined to one area of the State. The variety and intensity of industrial activity made possible the existence and self-sufficiency of hundreds of communities, scattered throughout the Lower and Upper Peninsula. If they were not directly allied with larger manufacturing plants through subcontracts, at least they existed through the trade, the accessories, the markets created by automobile manufacture.

Today production quotas and defense priorities over essential materials threaten, within 3 months, to wipe out many small businessmen and industrialists of Michigan and of the Nation.

Michigan ranks fifth among the States in total prime defense contracts, and first in the Nation in total ordnance contracts and subcontracts. Prime contracts total $1,500,000,000, and subcontracts bring the total to well over $4,000,000,000. Much of this work extends over a 2-year period. The total is exceeded only by coastal shipbuilding States.

And yet Michigan could produce 50 percent more for defense if the energies of our small industries were tapped. And unless the priorities starvation now facing our small industries in rural Michigan is relieved, Michigan faces a welfare and economic problem of serious consequences.

DEPRESSIONS START IN SMALL TOWNS

The problem is national and results from overlooking a fundamental economic truth—no American community can exist without a trading area equal in population to the community itself. The big city needs small towns. The small town needs a local rural trade.

Depressions start in small towns, because small towns exist on the trickle of cash from one main industry. When that trickle of cash stops, the town has nothing to fall back on.

The town's life-giving income stops when, for some reason, the main business loses its customary business orders from the larger cities. In the present instance, defense priorities, ignoring small towns, stops the flow of orders from the city.

As a result, the residents of the small community cannot continue to buy products from the larger manufacturing areas. Its markets declining, the larger producing area must curtail other manufacturing, which again strikes a blow at the small town.

Although small towns have not the industrial resourcefulness of larger communities and thus create depressions when business stops, the small-town resident personally is more resourceful than the city worker. Lower costs of living and ability to turn to "depression farming" keeps the small-town resident going without the tremendous and immediate need for welfare assistance that characterizes our city populations.

I am not an alarmist. I know the problem is complicated. I know that national defense deserves the right-of-way. I know that the larger plants are better equipped to speed defense production, and that subcontracting of defense work is not possible or practical in every instance. I know that the problem is receiving sympathetic and intelligent attention today from both governmental and private sources. I think the threat to our entire national economy will be licked.

But I know also that unless civilian labor priorities and civilian materials priorities are not granted quickly to those areas which cannot participate in national-defense business, Michigan and the Nation will see severe economic dislocation within 3 months.

If we are to pay the new Federal taxes, and avoid widespread hardships amidst boom, our defense economy must be adjusted quickly to save those who either cannot, or as yet have not, participated in defense work.

Michigan farmers have been assigned added responsibilities in the expanding food program. They must be protected by priorities for needed farm machinery to offset the already serious emigration of farm labor to defense areas. They still have a most insecure footing on the land, and deserve reasonable profits for their produce. They are diversifying their crops and cooperating fully with production quotas. Despite labor shortages which may become critical, they appear to be reaching an income position where they can pay their debts, gain economic security, and end any further need for farm-subsidy payments.

Other witnesses will discuss in detail the localized community problems of defense migration, relative to housing, sanitation, education, and transportation. I call particular attention to the sound program of the State highway department for building expressways to Ypsilanti and other defense centers, which will permit the cheaper and more efficient stress of commuting to work from present population centers, rather than creating new communities during the emergency period.

MEASURES TO PREVENT DISLOCATION OF LABOR

The State and Federal Government face three major tasks in developing policies and taking positive action during the next few months to ease the damaging effects of the industrial transition from civilian to defense production.

Michigan will bear the unemployment hardship with pride, knowing it is necessary to the defense of the Nation. We face the certainty that many other civilian industries will have production curtailed because of inability to obtain materials.

Our job now is to ease as much as possible the shock of transition, by these steps:

1. Protect the economic security of workers who are temporarily displaced, and furnish them with some source of income until defense jobs open.
2. By wholehearted cooperation of Government, labor, and industry proceed energetically with a variety of measures to speed up expansion of defense jobs.
3. Discourage and prevent further migration of workers into Michigan industrial centers until, by up-grading and training, all Michigan workers are utilized. Further migration will only multiply our present problems.

UNEMPLOYMENT COMPENSATION

Most of our displaced workers will be eligible for unemployment compensation for 18 weeks at $16 a week. I sought vainly this year to obtain a higher grant from the legislature, since this $16 is less than half the usual wage of industrial workers.

The 2-week waiting period, and the $16 rate, may not be sufficient to hold workers in the cities where they will be needed later. The 32-hour week provides wider, larger income, but cannot always be applied.

Under the present compensation law, there is another serious limitation on the adequacy of benefits. Unemployed workers cannot receive benefits in any year amounting to more than 25 percent of their earnings in the preceding base year (for low-paid workers, 30 percent). Workers who have had steady employment in the base year may draw a maximum of 18 weeks of benefits, but those who have had irregular employment—and are therefore in most need of protection—qualify for a shorter duration which may be as little as 8 or 10 weeks.

Workers with high seniority will probably be absorbed quite rapidly in defense production, under agreements recently reached between labor and management in the automobile industry. Workers with low seniority, who are most likely to qualify for only a few weeks of benefits, are the ones who are most likely to need a longer period.

When we realize that nearly 70 percent of the workers who drew benefits in 1938–39 had a period of unemployment which was longer than their maximum benefit period, it seems clear that we should consider the possibility of extending the duration of benefits and increasing the size of the weekly payment, as one method of preventing our labor force from scattering to other States in the interval before they can be put back to work here.

INCREASED BENEFITS FOR DEFENSE TRAINEES

There is one interesting feature of the present unemployment compensation law which deserves further study. This is the provision which permits an increase in the duration of benefits for workers who are taking vocational training to fit them for new jobs. However, the present law permits only an increase of a few weeks, (never beyond a total of 16 weeks) and makes no provision for increasing the weekly amount paid to men who are undergoing training. Thus, the present provisions provide little incentive to keep displaced workers from moving to other areas.

We might consider the possibility of expanding this general principle to meet our present problems. Many of the displaced workers will require special training to fit them for defense jobs. We might use the unemployment compensation system as a way of supplementing their income while they receive this training. This might mean that it would be desirable to extend the maximum benefit period for men and women who are being trained for defense jobs to as much as 20 or 26 weeks. Also, we might increase the weekly benefit rate for trainees to some more adequate amount, such as a flat $20 per week, instead of the lower rate which they otherwise receive.

Such a program would, of course, require new legislation. Whether this particular step should be taken will depend on our success in developing other possible measures for bridging the gap between civilian and defense jobs.

SUGGESTIONS FOR ENLARGING EMPLOYMENT

Unemployment compensation, even if it is greatly liberalized, provides at best a partial answer to the problems of the next few months. Relief and Work Projects Administration efforts, though these may help to supplement compensation, will provide little incentive to prevent undesirable migration from our industrial cities. The basic solution of the problem must be found in creating additional jobs as soon as possible, and in an equitable distribution of the work that is available.

Here are suggestions:

1. Through the Defense Contract Service of the Office of Production Management, special arrangements are being made to allot further defense contracts to communities in which serious unemployment is expected. The immediate need is not for long-range projects, which cannot employ large numbers of workers until new construction is completed, but for contracts involving production which can be handled with existing equipment, or with only minor retooling.

2. The expansion of defense employment can be speeded up to some extent by accelerating the production of machines and machine tools which are needed to equip new defense factories. The tooling-up process might be accelerated by pooling of existing resources for tool and die manufacture. At present, some of these facilities are unused, at the same time that the lack of necessary equipment prevents expansion of defense employment.

3. Arrangements which are already being worked out between management and organized labor will give assurance that workers with seniority in nondefense employment will receive preference in new defense jobs as these become available. The automobile industry has already accepted this principle for its own plants. Possibly some further steps toward the adoption of community-wide seniority might be helpful in preventing migration.

4. Where it is impossible to make jobs available on actual production, it might be possible to increase the training programs of plants which will eventually need men on new types of work (such as aircraft production) with workers receiving pay while they are being trained. Some companies have already developed plans of this type, thus providing income for workers who will eventually be needed in defense plants.

5. At present many defense plants are operating only for a 5-day week. If we can work out arrangements for operating these plants 7 days a week there is a possible gain of about one-third in the number of defense jobs that can be provided. A similar problem exists in some plants which now operate with only two shifts and might be able to handle a third shift, with many additional workers employed.

6. The growth of defense employment can be accelerated by extending existing contracts, and advancing delivery dates for defense products, in such a way as to encourage industry to accelerate the tempo of production.

7. Although the facilities of many plants have been surveyed by the Federal Government to determine their availability for defense production, there is probably a great deal that might be done in the way of thorough engineering surveys which will permit unused productive equipment to be brought into action sooner. Such surveys—in which the State as well as Federal agencies might participate—may reveal situations in which special arrangements for making equipment available to nondefense plants would permit them to undertake defense production.

POST-WAR PROBLEMS

Just because we are united today for defense of our way of life, and just because the unemployment and insecurity problems are in the background today because of defense spending, we cannot say we have solved the unemployment problem, or that we are satisfied with our way of life.

It is time to drop the old arguments over who is to blame for unemployment and deficits and social insecurity, and unite behind a positive program to return the Nation to a self-sufficient economy that will recognize all social obligations, all rights of private enterprise, and all rights of labor.

Michigan has joined the national program calling for 6-year reserve of post-war projects and will stress such positive programs as highways, city planning, health service, nutrition and education.

Following the sound lead of the National Resources Planning Board, our State planning commission is drafting a State program to coordinate all elements of our economy—agriculture, labor, industry, finance—in a voluntary undertaking which recognizes the mutual interests of all areas in steady employment and steady income.

Today the Nation's crying need is for price control to prevent inflation. After the war, united cooperation can bring fair prices, fair wages and fair income for all groups and all sections. Government must remain the servant of the whole economy, and a complete program must be worked out which will merit the approval of all elements of that economy, without any resort to socialism or totalitarianism.

Home ownership, a steady job, insurance against the hazards of disability and old age—these are the goals of any sound society. A migratory people are not interested in economical government. It is important today to plan for the post-war period, not alone because we must be ready for the problems of the period, but because our people will unite more heartily behind the defense of a nation which is moving toward a definite goal, along a clear-cut course.

The most encouraging aspect of these troubled times is the good sense of our people in surmounting the handicaps facing every step of the defense program, and their faith in the future of America. In Michigan, the greatest possible expression of that faith is under way today. Our people are buying rural land to a greater extent than they have in decades. They have grown wiser in the depression years, and are buying personal security for the future.

TESTIMONY OF HON. MURRAY D. VAN WAGONER—Resumed

The Chairman. We have prepared some questions which I think will bring out the points that we seek to establish by your testimony.

Now, Governor, what is your estimate of the over-all reduction in employment in Michigan that will result from the announced curtailment of automobile production and from such shutdowns as may occur due to shortage of essential materials?

Governor Van Wagoner. We estimate that the curtailment of 24 percent in production which is taking place at the present time has caused an unemployment of about 25,000.

ANTICIPATES 100,000 WILL BE UNEMPLOYED

The new curtailment which is expected to go into effect—I believe it is in December—would at least double this number and perhaps force it as high as 100,000, because there are a lot of related industries, and once the automobile production is cut down, people in these other industries are also forced out of employment.

The Chairman. Governor, what are the prospects for reemployment of these workers in the defense activities now undertaken in the city of Detroit?

Governor Van Wagoner. The prospects of reemploying these people are not so good right at the moment. What I mean by that is, until the people who have the prime contracts in our State of

Michigan have enough prime contracts so that they are required to farm out more of this work, reemployment in defense industries will not offset the loss of jobs in motor-car manufacturing.

The CHAIRMAN. In dollars and cents, what do the prime contracts amount to, Governor?

AMOUNT OF PRIME DEFENSE CONTRACTS

Governor VAN WAGONER. About a billion and a half dollars, but the work that is being done on defense contracts is moving, in my opinion, too slowly to absorb the people who are going to be laid off by this changeover.

Personally, I am sure that in the end—say a year from now—a majority of these people will be reemployed in defense work and, of course, that is what we are really after. We believe this can be done, and the one thing we are very much concerned about is that the defense work is not moving fast enough to balance the serious nondefense unemployment at the present time.

It seems to me if more prime contracts could be let, and if the completion date could be speeded up, two things would be accomplished. In the first place I think there would be an incentive on the part of the prime contractors to subcontract this work, as they do in the normal automobile business; and, second, the morale of the workmen themselves would be maintained. I think this is very important in this critical period.

The CHAIRMAN. Governor, you have some of your aides here with you, do you not?

Governor VAN WAGONER. Yes, sir; I have. I have more than that. I have quite a battery here.

The CHAIRMAN. I would like to get the names of these gentlemen for the record.

Governor VAN WAGONER (indicating). Mr. C. W. Lucas, press secretary; Mr. V. B. Steinbaugh, who is our liaison man working with the O. P. M. in Washington at the request of the O. P. M.; Mr. Wendell Lund is head of the unemployment compensation commission in the State; Mr. Louis M. Nims is managing director of the State tax administration in the State of Michigan, and Mr. Leo J. Nowicki is the budget director of the State of Michigan.

The CHAIRMAN. Governor Van Wagoner, what are the State agencies, such as unemployment compensation, W. P. A., State and county reliefs, which are equipped to deal with the hardships caused by unemployment in Michigan?

UNEMPLOYMENT COMPENSATION

Governor VAN WAGONER. Well, the unemployment compensation commission is organized and capable of dealing with this problem insofar as it is able to do so by law. However, we have in the State of Michigan a limit of 18 weeks for aid to the unemployed, and that only pays $16 per week.

In my inaugural message in January I advocated increasing the period to 20 weeks, and it was changed to 18 from 16 weeks. I also advocated raising the amount per week from $16 to $20, but that was not done.

Insofar as it is able, with the limitations placed upon it, the unemployment compensation commission can do this job. However, in view of the fact that the period of payments is so short, and the fact that the amount of money is so small, it seems to me that that agency's activity will not be sufficient to handle the emergency relief program required if, as estimated, it is going to take us at least a year to get these people employed on defense work.

W. P. A. CURTAILMENTS

As far as the W. P. A. is concerned, as you know there was a curtailment of some 40 or 50 percent in the rolls, which has caused real hardship among certain people who were not even employed in the automobile business. It is hard for those people to exist at this time.

I do not believe W. P. A. can be of any service in this particular function unless the money that was taken from it is restored; and even that amount would be insufficient to solve this problem.

You mention another agency, State and county relief.

RELIEF PAYMENTS LOWEST SINCE DEPRESSION

We now have the lowest relief since the depression. However, that relief is paid jointly by the State and by the county. It is figured out on a very close basis. If we are going to have more unemployment, it will mean calling the legislature back into session and appropriating further sums for this purpose.

The State of Michigan last January had a deficit of $28,000,000. That has been reduced now to about $12,000,000. But if we are to call back the legislature, to appropriate more money, instead of wiping out that deficit we are going back in the other direction, and accumulating further deficits.

The CHAIRMAN. What will be the effect, Governor, of the cut in automobile production on State revenues?

Governor VAN WAGONER. In Michigan our State relief receives about two-thirds of its funds from the sales tax.

SALES TAX

The CHAIRMAN. How long have you had the sales tax?

Governor VAN WAGONER. Since 1933. And in Michigan, perhaps more than in any other State, we are dependent for the operation of our State government on that tax. Any decrease in car production or in employment in any way naturally will decrease that sales tax, and almost in the proportion that that employment is done away with, State revenues will be cut down. But the effect on revenues will be magnified if we have a curtailment in the things that the workers may want to buy, such as automobiles, refrigerators, and stable goods.

Mr. OSMERS. Governor, does your sales tax apply to all merchandise made in the State or just that sold within the State?

Governor VAN WAGONER. It applies to all merchandise that is sold in the State.

Mr. OSMERS. Wholesale and retail?

Governor VAN WAGONER. It is a sales tax on everything that is sold in the State of Michigan.

Mr. Osmers. Am I correct in inferring that if an automobile is sold by a manufacturer to a dealer and by a dealer to the individual, there are two sales taxes paid on it?

Governor Van Wagoner. No, I don't think there are two. Maybe Mr. Nims would like to answer that. He is the head of the sales tax administration.

TESTIMONY OF LOUIS M. NIMS, MANAGING DIRECTOR, STATE TAX ADMINISTRATION, LANSING, MICH.

Mr. Nims. That would be a resale, which is exempted under our law. Ours is a direct, final sales tax. It is the last tax in a series of transactions.

Mr. Osmers. How does an automobile come under that law if it is sold for resale in another State?

Mr. Nims. Quite a high percentage of them are sold in Michigan to Michigan people, and if production is dropped, Michigan naturally would take a loss.

Mr. Osmers. You would only lose the sales tax on automobiles that were sold and used within the State of Michigan?

Mr. Nims. That is right. That is the direct sales tax; but of course any curtailment that you make in the production of automobiles means that people employed in that production are not going to have money to spend.

Mr. Osmers. It lowers the purchasing power.

Mr. Nims. That is correct.

TESTIMONY OF GOV. MURRAY D. VAN WAGONER—Resumed

Mr. Arnold. Is that a 3 percent sales tax?

Governor Van Wagoner. Yes, sir.

Mr. Osmers. How much money does that bring in, in the course of a year, at the present time?

Mr. Nims. Around $70,000,000.

TOURIST TRADE REVENUES

The Chairman. Governor Van Wagoner, I was very much interested, and more or less startled, to learn the amount that the State of Michigan receives from your tourist trade.

Governor Van Wagoner. $400,000,000.

The Chairman. The highest in the Nation.

Governor Van Wagoner. Yes; I believe that is correct, according to the figures of the chamber of commerce.

The Chairman. Now, what effect do you think automobile curtailment and gasoline shortage will have on that trade?

Governor Van Wagoner. Any curtailment in the sale of cars will naturally curtail our tourist and resort business, and the same is true of the restrictions on the use of gasoline.

It is not the fellow who trades his car in every year and gets a new car. He is not the man we are talking about. But if the man at the top cannot get his new car, then he in turn can't trade his car in to take care of the man in the lower status, and from there on down the same thing is true, to the men who have the last bracket of cars.

The car that is forced off the road is the one I am talking about—the car that will no longer run. Its owner is the man who is going to be out of a car, and who is also going to be seriously affected by a reduction of gasoline, if that is reflected in a rise in price.

The CHAIRMAN. Governor, what attracts tourists to Michigan is the hunting and fishing and other sports, I presume.

Governor VAN WAGONER. It is hunting and fishing, but the Almighty God was very gracious to the State of Michigan when He created this universe. As you know, we have more shore line than any other State in the Union. We have an area that is covered with trees, pretty nearly anywhere you want to go. Our State is covered with trees and vegetation, and that in turn protects our fishing and our hunting. The weather is very favorable in this part of the country, especially in the summertime, and it has become a regular haven for people from States with less pleasant climates. They come here once and go back and then come back again and again.

STATE DEVELOPMENTS

We have tried to develop our highway system so that people can see what we have to offer here in the State of Michigan. We are building shore-line highways, roadside parks with picnic tables, and we are making some places that are very beautiful in the State of Michigan accessible to the tourists. I believe they appreciate that, and in turn they will tell their friends, and more people will come back year after year.

The CHAIRMAN. Governor, if I were not sure that you are the Governor of Michigan, I would say you are from California. That is California talk.

Governor VAN WAGONER. Well, we don't guarantee the weather here.

The CHAIRMAN. We can guarantee it out there—except, of course, when it is "unusual."

INDUSTRIAL OUT-MIGRATION

The CHAIRMAN. Governor, do you anticipate any large-scale out-migration of workers as a result of industrial shut-downs in this area?

Governor VAN WAGONER. The thing that I am very much concerned about there is the fact that in our mass-production automobile plants we have built up a group of skilled mechanics—tool and die makers and people of that category—who may have 10 or 15 men of ordinary mechanical skill working under them. If we have a shut-down, and if we lose these key men to other parts of the country where they could secure work, then when we get our material in, when we get our defense orders and we are all ready to go, we may find ourselves in a condition of being unable to make the machinery to put out these defense articles.

Now, that wasn't true in the depression, because then you had a depression all over the country, and things were just as good here as they were anywhere else. But if we were to lose these keymen now, I feel that we would lose part of the essential skill of our great production center here in Michigan, and I think it is very vital that some effort be made to see to it that we do not lose these men or the working organization which has been set up, with these keymen at the top and the 10 or 12 workers under each one's supervision.

Mr. OSMERS. Have you lost many so far, Governor?

Governor VAN WAGONER. I do not believe we have, up until now, because the plants themselves are not going to release these men until they absolutely have to. Even if it costs them more money, I know they will keep them as long as they can. It is to their interest to keep them. But, of course, if you shut this whole car industry off 100 percent, as has been talked in some places, a point would be reached where these men would be forced to go to other places to secure employment, and you couldn't blame them if they did.

Mr. OSMERS. I know they are needed in other parts of the country.

Governor VAN WAGONER. That is just the point. They need those people in other parts of the country, and if we should lose them here, then when the day comes when we have all of the material on our front doorstep and are ready to say, "Go to work," we would suddenly find out we didn't have the manpower and skills to do so.

It seems to me that one thing we ought to consider before we go into too much reduction of output, is a reduction of the hours of work in the automobile industry, say from 40 to 32 hours a week, if necessary in this interim and in the shift-over period, so as to hold this organization together. Then when the time does arrive, we are going to have this unit force that is used in mass production, and is trained in turning things out in a hurry. It will be all set and steamed up to do this job which the country is looking to us to do.

Mr. OSMERS. I was wondering if you had been investigating the possibility of spreading the work.

Governor VAN WAGONER. I think that would be much better.

Mr. OSMERS. During this time.

Governor VAN WAGONER. I think it would be much better than laying off a great number of men, or looking to the Unemployment Compensation, or to W.P.A., or to some subsidy, because when you do that, after all you do lose the morale of these men, which is important in these times.

Mr. OSMERS. Then the follow-up of that would be a general restlessness on the part of your industrial worker population, and they would start to move all over the country, wouldn't they?

Governor VAN WAGONER. Yes, sir; and when you want them, they are not going to be here.

Mr. ARNOLD. Let me ask the Governor at this point, do you think it is because your prime contractors haven't enough contracts that they don't subcontract, or is it an unwillingness on their part to subcontract?

LARGER VOLUME OF PRIME CONTRACTS NEEDED

Governor VAN WAGONER. I think the manufacturers would subcontract if they had enough prime contracts so they knew they could take care of their own men. But to date they haven't even enough to reemploy their own men in changing over to defense. Therefore, there is no incentive on their part to subcontract this work.

Mr. ARNOLD. In other words, there is not enough push. You have to get the contracts coming in rapidly in order to make them subcontract all over Michigan and in parts of northern Ohio and the surrounding territory?

Governor VAN WAGONER. Yes. Then there would be a real incentive to subcontract the work, to get the thing out on time.

Another thing we haven't mentioned, which is very serious, is the small town that has maybe just 1 plant in it and employs maybe 100 or 200 men.

Mr. OSMERS. What would the peacetime product of such a plant be?

Governor VAN WAGONER. It might be aluminum goods, or a casting or something like that for a bigger automobile plant. Now, if this particular plant doesn't get at least one subcontract, you can see that in that town there will be a very serious problem.

IMPORTANCE OF SUBCONTRACTING DIVISION

I was very happy to see the office of O. P. M. set up a separate division for subcontracting for just this sort of thing. In other words, I believe Washington recognizes this problem. Furthermore, I was very happy to see that they put a man like Mr. Odlum at the head of it. In my opinion, he is a very capable man.

Mr. OSMERS. Have you seen any evidence in the State of Michigan that this subcontracting division of the O. P. M. is working? I feel as you do that it was a fine thing to see it set up, and that the director of it is a capable man; but have you seen any evidence that it is working?

Governor VAN WAGONER. I am sure that it is working, but it isn't working well enough or fast enough to put every plant that we have in the State of Michigan to work in getting out this defense stuff the way the Nation expects us to get it out.

Mr. OSMERS. Governor, is there anything that you, as a member of State government, can suggest to ourselves, as members of the Federal Government, that would straighten out or help the organization of defense in Washington with respect to all of these problems?

EMPLOYMENT SURVEYS

Governor VAN WAGONER. One of the things they are doing now, which I think is good, is following the unemployment records. They know, for instance, how many people in a town are working on automobile production, and they know if that is cut off, there is going to be an unemployment problem there.

Mr. OSMERS. Did the Federal Government make that survey?

Governor VAN WAGONER. I guess they are working jointly with the Unemployment Compensation Commissions.

Mr. LUND. That is correct, Governor.

Governor VAN WAGONER. In other words, they are working closely to foresee reactions, and then deciding whether or not to place a contract in a particular field. Some contracts, however, must be awarded to the low bidder. In such a case you can't guarantee that this man in the town with the one plant is going to be the low bidder on that job. It might be necessary, and even advisable, that this man be given at least a trial order.

Mr. OSMERS. On a cost-plus plan, or something like that?

Governor VAN WAGONER. Yes, sir; a cost-plus plan.

Mr. OSMERS. Has the State of Michigan had any difficulty in its dealings with the Federal Government in this emergency, in the matter of getting answers to questions, in getting accurate information, and in solving some of these problems, in many cases not only affecting States but manufacturers and others? People have complained bitterly about the confusion and the apparent lack of organization in our Washington defense set-up.

LIAISON BETWEEN STATE AND OFFICE OF PRODUCTION MANAGEMENT

Governor VAN WAGONER. Of course there is a lot of work for everybody to do, and there are a lot of things that can't click just over night; but as far as I am concerned, all of the letters I have addressed to the O. P. M. were properly referred to the individual whom it concerned. Only one was unanswered, and even in that instance I got a telephone call, and they said they would prefer to have me come down there and get the answer direct, which after all is all I could ask for. As a result of that Mr. Steinbaugh was made liaison officer between the Federal Government and the State, at the request of the O. P. M., and since he has been down there, I am sure they know what our problem is, and we in turn are finding out some of their problems.

Mr. OSMERS. We are not having much difficulty in finding out what the problems are; we are having difficulty in solving them. I was wondering whether any of these problems are being solved. I realize that the act of setting up a board or bureau or appointing a commissioner or something like that is a recognition that the problem exists, but the problem isn't solved unless and until the commission or board or bureau does something.

Governor VAN WAGONER. That is correct. Well, as I say, this new department on subcontracting has been formed, and I think you have a very capable man at the head of it. I am very optimistic about the prospect of his getting something done about this problem. He has quite a reputation for being able to get things done, and if he takes hold of this the same way he has other things, I am sure it will be done.

Mr. OSMERS. With all due deference to Mr. Odlum, I hope they get it done before the war is over.

Governor VAN WAGONER. I am very much encouraged. We haven't even seen results yet, because it is too early, but at least I know a place where I can refer the letters that come in day after day—where this small plant is going to be out of material, and that one is going to have so many people unemployed.

POOLING FOR DEFENSE CONTRACTS

Mr. ARNOLD. I realize Michigan is in a somewhat different position from that of Illinois. In my State we have certain cities, as for instance the city of Decatur, Ill., a community of, I suppose 70,000 people, which does not have a great enough diversification of industry to take a prime defense contract by itself. But there are other manufacturers, and together they can take contracts.

Governor VAN WAGONER. Pool their interests.

Mr. ARNOLD. Exactly. One firm takes the contract, with the understanding they will all come in.

Quincy, Ill., is a town almost as large, and it is being surveyed for the same purpose. Do you have that situation in Michigan?

Governor VAN WAGONER. I think we have some towns like that. Perhaps St. Joseph, Mich., would be like that. There they have a lot of small manufacturing plants. One plant wouldn't be large enough to handle a prime contract, but together they might be able to do so.

Mr. ARNOLD. Is any effort being made to utilize those plants?

Governor VAN WAGONER. There hasn't been much done in regard to that here in Michigan. We have had complaints from St. Joe. We have been asked, "What is this plant going to do when its material is shut off?"

Mr. ARNOLD. The reason this committee is interested in that is that such pooling of interests will prevent interstate migration of workers.

IN-TRAINING SUBSISTENCE WAGES

Governor VAN WAGONER. I think it has possibilities.

The CHAIRMAN. Governor, what is your reaction to the proposal that displaced workers be paid a subsistence wage while in training for future defense employment?

Governor VAN WAGONER. I believe that would be all right as a last resort. Of course, we are more concerned about speeding up this program, moving the completion date ahead and putting our whole people on a speed-up basis, to the point where they can get these orders out faster. We are also very much concerned about anything that you do along the way of a subsistence plan that is going to destroy the morale of the workmen themselves.

But as a last resort, I think that would be much better than just leaving this man on relief or trying to handle his situation from an unemployment problem standpoint. What I would rather see, of course, is more contracts let, so that a solution will develop in its normal way.

The CHAIRMAN. In San Diego, Governor, the committee's attention was called to what is known as a dismissal fee.[1] Under this plan, when a company secures a Government contract, it would add an amount in, don't you see—say 2 percent, or 5 percent—looking to the time when the plant will probably be shut down. This money would then provide a cushion for the discharged workers after the whole thing is over, and the plant has been shut down. Has that ever been called to your attention?

Governor VAN WAGONER. No; it has not.

The CHAIRMAN. After making several trips throughout the country last year, the committee has come to the conclusion that there were too many American citizens on the road, Stateless and homeless and voteless. We realize at the same time that the States can carry only a limited financial load, and that they cannot take care of all of these "nonresidents." There is no question about that. There comes a saturation point. We therefore recommended to Congress an additional appropriation whereby the Federal Government would take care of these nonsettled persons. Have you given any thought to that?

FEDERAL RESPONSIBILITY FOR NONSETTLED PEOPLE

Governor VAN WAGONER. We have given that a good deal of thought, not just from the angle of Federal relief; we are continually having people come in here during good times, and then they are located here, as you might say, as a State responsibility afterwards. As far as the State of Michigan is concerned, we do not want any people to come into our State—into this picture at all—until the people we have here now are fully employed on this defense work.

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[1] See San Diego hearings, p. 4959.

Now, if for any reason whatsoever the Federal Government finds it necessary to bring workers into this State to do a certain job, then I most certainly think that after this effort is over, the Federal Government should make some provision for their welfare, and not let them become State charges.

The CHAIRMAN. I think you are correct, Governor. I think the State of Michigan's effort should be to hire local people.

Governor VAN WAGONER. That is right.

The CHAIRMAN. And that is a question in which our committee is deeply interested. We have great numbers of people now who have left their home States and gone to these defense centers. Well, it doesn't take much of an imagination to realize what a whirlpool can be created by a situation like this, after the war is over. So the fewer who leave their home States, the better for the Nation as a whole.

Governor VAN WAGONER. That is right, absolutely.

The CHAIRMAN. Governor, have you any idea what part the W. P. A. should play in alleviating effects of the curtailment in automobile production?

Governor VAN WAGONER. The W. P. A. can't play any important part until the amount that has been cut off is restored, and until more money is appropriated, above that, to take care of the additional workers who will be laid off due to this curtailment. However, I feel the same way about that as I do these other problems. What I think we ought to do is concentrate on output, and on the goal of keeping our people all employed and up to a pitch where they can do the job that we are called upon to do.

The CHAIRMAN. Governor, we have had before our committee governors, mayors, and high departmental officials, State and Federal; and in addition, over 200 migrants. We have been all over the United States, and everywhere we have found unanimous agreement that it is a Federal problem, the problem of taking care of these nonsettled persons coming in from the other States.

Now, to provide us with information in the record, are you willing to go this far: If unemployment increases here in Michigan as a result of this shift from defense to nondefense industries, would you say that there should be an increased appropriation for the W. P. A.?

COPPER PRODUCTION SUBSIDIES

Governor VAN WAGONER. Our prime purpose is to have the people employed. If they are employed in defense, that is fine, and the sooner they get from car production into defense production the better. We have certain numbers of people on W. P. A. You want to increase that, but after all, that is what we will call a subsidy of some sort from the Federal Government. If we are going to have a subsidy of some sort from the Federal Government, why not have a subsidy as we did in the copper range, where we asked for an increment of 3 cents for the copper produced in the Upper Peninsula so they could put those people to work doing the work that they are used to doing, and at the same time increasing the supply of copper which can be used for the defense effort, which is one of the basic materials that we are short of at the present time.

The CHAIRMAN. What is the status of the copper industry in the State of Michigan?

Governor VAN WAGONER. A price of 12 cents was set, and we took it up with Washington, and they gave us a differential of 1 cent. That gave us 13 cents, but we have got to get 15 cents before we can open up our mines in the Upper Peninsula and produce copper profitably.

But if you are going to have a subsidy like W. P. A., why not spend it on something like copper, where we will produce more of these basic materials that the Federal Government is so anxious to get at this time?

One objection to such a plan, we find, is that one department in Washington doesn't want to pay one price for copper and have another department pay another price without some congressional authority to do it. You can appreciate that. And I am wondering if that kind of copper—high-priced copper—couldn't be allocated, perhaps to nondefense activities, such as the manufacture of products which the private consumer wants badly enough to pay this additional price for them. If we did that, we would release the copper required in manufacture for the defense effort, and not cause embarrassment to any Federal department for paying two different prices for copper.

The CHAIRMAN. In other words, Governor, if this committee goes back to Washington and is instrumental in opening up the Michigan copper mines, our coming here would be a success?

Governor VAN WAGONER. Oh, very much, very much as far as the Upper Peninsula is concerned. You would be accomplishing three things. In the first place, you are going to save money, because you are going to have less of a welfare load. The people up there are not employed now, and if they are working, they will be making more money, and you will wipe out that welfare problem up there if these mines are opened up. Secondly, you would definitely increase their morale. They have been going along for a long time on a bare existence, in order to make ends meet. The third thing is that you need more copper as a basic commodity in these defense efforts, and you would increase slightly the amount of copper produced.

The CHAIRMAN. Has any survey been made as to what your possible production of copper might be?

Governor VAN WAGONER. Yes; it was rather thoroughly studied for many years back to see just how much copper could be produced for 12 cents, for 13, for 14, and for 15. But anything short of 15 cents will not do the job.[1]

The CHAIRMAN. Now, Governor, what proposals for State or Federal action have you to make for the purpose of, first, providing needed defense facilities, and, second, providing for temporary employment?

MICHIGAN'S DEFENSE PLANNING

Governor VAN WAGONER. The legislature appropriated $292,000 to rehabilitate our armories in the State of Michigan. We have added 100 State troopers to handle not only the motor patrol, but also any emergency that might come along in regard to maintaining law and order in our State.

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[1] See testimony and statement by Dr. Grover C. Dillman, p. 7524 ff.

Also, the highway department is building a series of defense highways which is going to make it possible to eliminate the moving in of a town around a defense plant, like the Ford bomber plant, the Chrysler tank plant. Information on that, however, will be given by a member of the highway department at a later time. I do not want to infringe on his testimony, except to say that there is only a 20-foot road running out to this new proposed Ford bomber plant. That plant is going to hire 60,000 people. That road, you can see, is inadequate. What are you going to do? Are you going to build up a community around that plant, or are you going to build a series of highways which will let these people go back and forth to work and live in the place where they are living today?

It may cost considerable money to build the highways, but it will be much cheaper than building schools and provide housing and providing sewers and water systems and police protection and fire protection and the other things that are necessary to accommodate a town of 60,000 workers.

The CHAIRMAN. Well, Governor, I think you agree with me that we are up against a critical problem in this shift from nondefense to defense work.

Governor VAN WAGONER. That is right.

The CHAIRMAN. There is one more point I wish to raise. In San Diego we had a witness who was the father of six babies. His wife was there with him. I asked him if he was saving any money, looking toward the future, don't you see, because after all is said and done, Governor, as sure as we are in this courtroom today, the time will come when many defense workers will face lay-offs; and I still think the cushion is savings by the employee. I will tell you why. Your public works program is all very well. The President has authorized the United States Planning Resources Board to make a survey of the situation. But the Government may be forced to retrench at the end of the war. We may not have money to give to Michigan for public works. So if some plan, some practical solution, can be evolved by which we have voluntary savings, or an increase in the unemployment compensation, the individual himself will be saving money to provide his own cushion after this thing is over.

I was trying to develop that thought with this San Diego worker, and he said that in the first place he could hardly find a place to live in. It took him days. Because of his six children, houses were repeatedly refused him.[1]

I learned that the Federal housing projects contemplated units of only two and three rooms and the three-bedroom houses were not ready for use.[2] We took that up with Washington and now they are making provision for the construction of some larger houses.

I asked this man if he was saving any money. He said, "How can I save any money? I receive $135 a month and I pay $18 a week for one room and a kitchen." That is practically $80 a month for rent. As a result of that situation, San Diego created a rent-control committee and went to the landlords, and I think the story probably went all over the United States.

But Governor, whether it is voluntary savings on the part of the employee, or an increase in unemployment compensation, or the purchase of defense bonds, or the dismissal fee or all of them put together, it seems to me that living conditions such as I have just described cannot be eliminated from the picture as a factor affecting the ability of workers to lay something aside for their own future. And it also seems to me that this must be done, that it is just as necessary as planning for public works after it is over.

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[1] See San Diego hearings, p. 4839.

[2] Ibid., p. 4888.

Governor Van Wagoner. I think you are right.

The Chairman. Governor, what is your comment on the statement in the press that of 1,047 Michigan firms which had registered for defense orders, only 82 have received such work?

PRIME CONTRACTS INCENTIVE TO SUBLETTING

Governor Van Wagoner. As I have said, if the large companies had enough prime contracts so that they could see their way clear to rehiring and taking care of all of their own employees, then there would be a real incentive to subcontract this work.

Mr. Arnold. It has been my observation that some small plants feel that they cannot engage in any of the defense work because bigger corporations are getting the contracts even when they have to diversify their operations to do it. For instance, the Sherwin-Williams Paint Co., of Cleveland, is coming down into southern Illinois and building a $40,000,000 bomb- and shell-loading plant, and it is going to operate in that field as well as its own field of paint-making. That is a large concern, coming into an entirely different line of business. In my opinion many of these small manufacturers are going to have to begin to think along that line or they will be out of materials and out of business.

FARMING OUT OF DEFENSE CONTRACTS ADVOCATED

Governor Van Wagoner. I do think there should be some direction in the way of awarding contracts. You might say that the parts that could be easily manufactured would go to small firms, rather than to the large companies that are able to take on more difficult jobs, instead of having these big companies take over the manufacture of the easier parts and letting the small fellows bid on the complicated ones, which they are in no position to do. There might be some effort toward allocating those parts to the companies that could do that work. It would be a matter of seeing that the subcontract is let for a particular part, which could be done by a particular small firm. After determining which parts could be made with relative ease, then subcontracts could be let to these smaller firms that we are talking about.

On the other hand, if you let the big manufacturer take the easy parts to manufacture, and leave only the hard ones for the small manufacturer, you are going to find the small fellow unable to compete.

Mr. Arnold. It is my opinion that the prime contractor is going to have to sit across the table from the prospective subcontractor and have his blueprints there, and talk as businessman to businessman. In that way the small manufacturer can determine what he can do.

Governor Van Wagoner. That is right.

Mr. Arnold. It would be better for a prime contractor to sit right down here, as we are, and discuss these problems and give the little manufacturer the blueprints so he may see what he can do.

Governor Van Wagoner. That is right. To subcontract anything that this fellow could make would take a lot of cooperation, which maybe we cannot be too optimistic about. But certainly the smaller fellows would be able to do some of this work.

Mr. Arnold. That would tend to keep the skilled men within the State of Michigan, instead of having them go to other States and create problems there as well as here.

Mr. Osmers. Governor, I was deeply interested in your reference to the Unemployment Compensation Commission work, and your own efforts to have the length of payment periods increased.

AMENDMENTS TO SOCIAL SECURITY ACT DISCUSSED

I have prepared and am considering the introduction in Congress of an amendment to the Social Security Act which will lengthen the period of compensation to 26 weeks, on a national basis, and make the payments uniform throughout the United States.

Realizing that is a very complex and technical change in the law, I wonder whether you would care to express an opinion on the general merits or demerits of such a change.

Governor Van Wagoner. I think you are certainly moving in the right direction. Of course, what you have to figure, if an emergency comes, is whether you have enough money to handle it. You would certainly have to consider that part of the whole problem.

Mr. Osmers. We are trying to place the plan on an actuarial basis, so that whatever benefits are paid will be figured in at the time of the payment.

I have in mind not the present situation, with its temporary unemployment as a result of the defense program, but the long pull, when there will be not 30 or 40 or 50 billion dollars in Government business to hand out. When it is all over, we are going to need some cushion for these workers. I don't think that even 26 weeks is going to be too long. For example, Mr. Arnold has mentioned a firm going into southern Illinois and building a shell-loading plant. We know that an automobile factory may be converted into a defense plant and then can go back to manufacturing automobiles; but we know that a shell-loading plant is through when this thing is over. Those men will be stranded, and it seems to me that Government should give that some consideration.

Governor Van Wagoner. I think so too.

Mr. Osmers. There is one other question I want to ask, concerning almost the very last thing you said about this subcontracting proposition.

I constantly hear the charge from my own constituents—and I represent a large industrial area—that the big firms, as they call them, are hogging all of these defense contracts and holding on to them and not subcontracting as much as they should.

I wonder whether that is true in Michigan. Have you found any evidence of that?

WITH MORE ORDERS, PRIME CONTRACTORS WOULD SUBLET

Governor Van Wagoner. I think that goes right back to what I originally said. There is no incentive. There is no incentive to subcontract to smaller firms when they haven't enough prime contracts to take care of their own men.

Now, the only way you can do that is to speed up. Congress has appropriated enough money to do that; but those appropriations have not been translated into orders, and until those orders are out, I don't think you are going to have that incentive to subcontract.

Mr. Osmers. You feel that the application of shorter production schedules would help in that direction?

Governor Van Wagoner. I say move up your completion dates and make your contract such that you have to deliver your stuff in a certain length of time.

From the records that we have around here, most of these plants having contracts are ahead of schedule, but it seems to me that if we could let enough prime contracts so that these fellows would be anxious to subcontract and get that help in order to complete their contract on time, then you would have a real incentive to subcontract.

Now, if we can't change this thing over fast enough, then I think before we go to W. P. A. or before we go to any kind of relief, we ought to consider the possibility of cutting the thing down to a 32-hour week, at least during the time that we change over.

Mr. Osmers. Is there any possibility of further speed-up in the four-shift idea?

PLANTS RUNNING MULTIPLE SHIFTS

Governor Van Wagoner. Some of the plants here are running three shifts and some of them are running four. I looked at a shell plant in Lansing this week, and they are running four shifts up there.

Mr. Osmers. Can that idea be carried into other industries to advantage?

Governor Van Wagoner. I don't know any reason why it couldn't be worked out, especially if you want to spread the employment. The more shifts you have, the more you can spread the employment. We do not want to see one group with good jobs and another out of work entirely; what we are trying to do is to level it off so that all people have at least some work to do, up until the time they move into the defense effort on a 100-percent basis.

The Chairman. Governor, I think you have with you Mr. Lloyd B. Reid, deputy commissioner, State highway department.

Governor Van Wagoner. Yes; and I want to get in the record that Mr. Fred C. Taylor, planning engineer, is also here.

The Chairman. And they are going to testify for the highway department?

Governor Van Wagoner. That is right.

The Chairman. We want to thank you, Governor Van Wagoner, and your staff, for the splendid contribution you have made to our record.

Governor Van Wagoner. And I want to thank the committee for coming out to Michigan, where we can bring in all of this help to testify. If you had this hearing in Washington we probably would have had one or two people there, but in this way we are able to get more basic information.

The Chairman. The committee will recess for a few minutes.

(Short recess.)

The Chairman. The committee will please come to order. Mr. Reid and Mr. Taylor, will you please come forward?

TESTIMONY OF LLOYD B. REID, DEPUTY COMMISSIONER, AND FRED C. TAYLOR, PLANNING ENGINEER, HIGHWAY DEPARTMENT, STATE OF MICHIGAN

The CHAIRMAN. Mr. Reid, will you state your full name and the capacity in which you appear before the committee?

Mr. REID. Lloyd B. Reid, deputy commissioner, State highway department.

The CHAIRMAN. And you are representing Mr. G. Donald Kennedy, State highway commissioner?

Mr. REID. Yes.

The CHAIRMAN. And Mr. Taylor, will you please state your name and the capacity in which you appear before the committee?

Mr. TAYLOR. Fred C. Taylor, planning engineer, State highway department.

The CHAIRMAN. You have filed a report by Commissioner Kennedy, showing the traffic conditions and the traffic areas in and about Detroit and the State of Michigan. The statement will be incorporated in the record.

(The statement referred to above is as follows:)

STATEMENT BY G. DONALD KENNEDY, STATE HIGHWAY COMMISSIONER OF MICHIGAN

The Michigan State Highway Department is much interested in the problem of migration. The expansion of communities or the creation of new communities vitally alters the department's problem of providing and maintaining arterial highways and intra- and inter-community connection. The large network of highways and streets of the State, teeming with millions of vehicle-miles of traffic, testifies that the growth of the State and of transportation by motor vehicle has been integrated.

In general this integration has been successful, but for several years past it has been evident to the department that a serious deficiency in highway facilities was accumulating on the State trunk-line system at a much faster rate than new construction or reconstruction could be provided.

An example of this accumulation is provided in the department's study of roadway capacity conducted during the past 5 years. These studies indicate that additional capacity will be required for 1,271 miles of highway on the trunk-line system by 1945. The rate at which mileage of roads with insufficient capacity accumulates is as follows:

	Miles
Prior to 1936	388
1937 to 1940	489
1940 to 1945	394
Total	1, 271

In the past 4 years mileage of rural highways becoming congested has increased at the rate of 122 miles per year. The department's Federal aid programs of 1940, 1941, and 1942 have included the widening of 17 miles of highway beyond 2 lanes. Thus the annual rate of meeting the need for added roadway capacity by constructing multilane roads is 5.7 miles per year or only about one-twentieth the rate at which the need is created.

In 1941 traffic on the State routes is up 50 percent above 1936 conditions. Estimates of traffic growth made in 1936 did not forecast such an increase until 5 years hence. As a result, the total road mileage which was expected to exceed its safe and tolerable capacity by 1945, obtains in the present year of 1941. In other words, the 1,271 miles of State trunk lines now needing to be widened or otherwise conditioned for capacity for maximum traffic conditions, represent about double the requirements anticipated for this year.

This picture of inadequacies, from a capacity standpoint, reflects somewhat the effect of traffic increases on highway facility requirements. The traffic increase is that experienced to date. What the full effect of the defense production effort will be is conjectural, but worthy of some contemplation.

MICHIGAN INDUSTRY AND DEFENSE PRODUCTION

Michigan is primarily a manufacturing State measured on a production value standard. In the maximum production year of 1929 manufactured products were valued at 4.7 billions of dollars. This is about 7.1 percent of the total value of manufactured products in the Nation. It is estimated that production during the present year has exceeded the 1929 record although defense production is barely getting under way.

The year 1942 is anticipated to record an all-time peak production for Michigan industry. The enormous plant expansion in the State during 1941 is expected to reach full production on defense materials in this year. No exact information is available, however, on the full extent of defense manufacture in the State as the amounts involved in subcontracting and unpublicized foreign and Federal contracts are unknown.

It is estimated that defense production for each of the years of 1942 and 1943 will amount to 3½ billions of dollars. Assuming a drastic cut of say 40 percent on normal civil production needs, total manufacture will run about 6 billions of dollars per year. This is about one-third greater production than the new peak which will be established in the present year of 1941. These estimates parallel very closely the estimated increase in national income which is expected to reach 110 billions by 1942–43, provided the transfer from normal to defense production is effected by that time.

EXPANSION OF BUSINESS AND TRAFFIC

It is difficult to fully realize the tremendously expanded activity in social, industrial, and economic spheres that will accompany the expansion of national income to the figures now estimated. An examination of the activity of the decade preceding and following World War No. 1 might give a clue to what may lie ahead. Indexed by manufacturing, this activity can be visualized. In the decade preceding the last war, manufacturing for the Nation was valued at approximately 20 billions annually. In the decade following the war, manufacture persisted at a level of over 60 billions, three times the former pace. Everyone knows of the technological advance which took place during the war and in the following period, and of the expanded social and economic activity.

Highway transportation was perhaps in the vanguard of this expansion. Out of the World War expansion grew the necessity for a Nation-wide network of highways in the form of a Federal-aid system. In Michigan, year around traffic was inaugurated for the first time as a war time necessity. Immediately following the war, $50,000,000 were provided through a bond issue to build intercity highway connections. Truck and passenger registrations and vehicular traffic grew astonishingly.

HIGHWAY NEEDS AND EXPANDING INDUSTRY

From the events of the past in highway transport development, it appears that the greatly expanded activity which is now taking place would require some consideration be given to highway transport needs of the immediate future. However, such is not the case, as highway expenditures for improved facilities are less than normal. According to the Engineering News, 1941 construction in the Nation is nearly double last year, largely due to plant expansion for defense. But highway construction is less by 10 percent than last year's amount, smaller Federal contributions accounting for some of this drop. To date the Federal Government has not yet taken full cognizance, in its appropriations, of specialized highway needs arising out of a tremendously expanded production plant and national income.

Facts gathered by the Nation-wide highway planning surveys conducted by the States and the Public Roads Administration have disclosed the tremendous accumulation of highway inadequacies particularly in the vicinity of metropolitan areas. In the foregoing some inadequacies applying to the State trunk-line system were referred to as indexed by the survey's study of roadway capacities. The most serious of these occur in the places of urban concentration and on important interurban connections.

This overloading of important roadways is emphasized by the current industrial expansion, as this has occurred in the established industrial centers of the State. While the effect of expansion will be felt keenly in nearly all sections of Michigan, by far the most serious impact will be on the highway and street facilities of the Detroit metropolitan district, an area lying within a radius of 40 miles of the city. Particular reference will be made to this Detroit district situation, as the problem there transcends in importance anything else in the State.

DEFENSE ACTIVITY IN THE DETROIT AREA

Defense plant expansion in the State, according to latest Government figures, amounts to $316,000,000. Of this expansion, 241 millions, or 76 percent, is in the Detroit district. Plant expansion of one quarter of a billion dollars is a very considerable item. It is taking place in existing highly crystallized industrial areas and in new locations lying on the edge of the city and as far as 25 miles out from the city limits. Swinging these new plants into production, plus sustained though somewhat lessened normal operations, will severely strain existing facilities which were believed to be seriously overtaxed several years ago.

The geographical distribution of the expansion is presented in the attached table. The primary contracts officially published by the Office of Production Management as of August 9, 1941, are shown in this table. They show accurately the spread of production expansion, but represent a fraction of the dollar value of the production planned. As before stated, foreign contracts and undisclosed Federal contracts and the subcontracting values are not known.

INCREASES AND CHANGES IN INDUSTRIAL EMPLOYMENT

The accompanying employment data for the corresponding district are shown in the following tabulation. Statistics are compiled from reports of the Unemployment Compensation Commission.

Employment data, selected plants in defense industries

Area	Employment May 1941	Anticipated additional October 1941
River Rouge	162,688	7,994
Milwaukee Junction	126,283	21,420
Connor-Mack	82,146	10,319
Other Detroit	34,903	3,693
Warren township	7,900	13,445
Washtenaw County	7,078	61,968
Pontiac	28,145	1,577
Total	449,143	120,416

Source: Research, statistics, and planning section, Michigan Unemployment Compensation Commission.

Dollar value of national defense primary contracts and plant expansion awarded in Detroit area distributed to important industrial districts

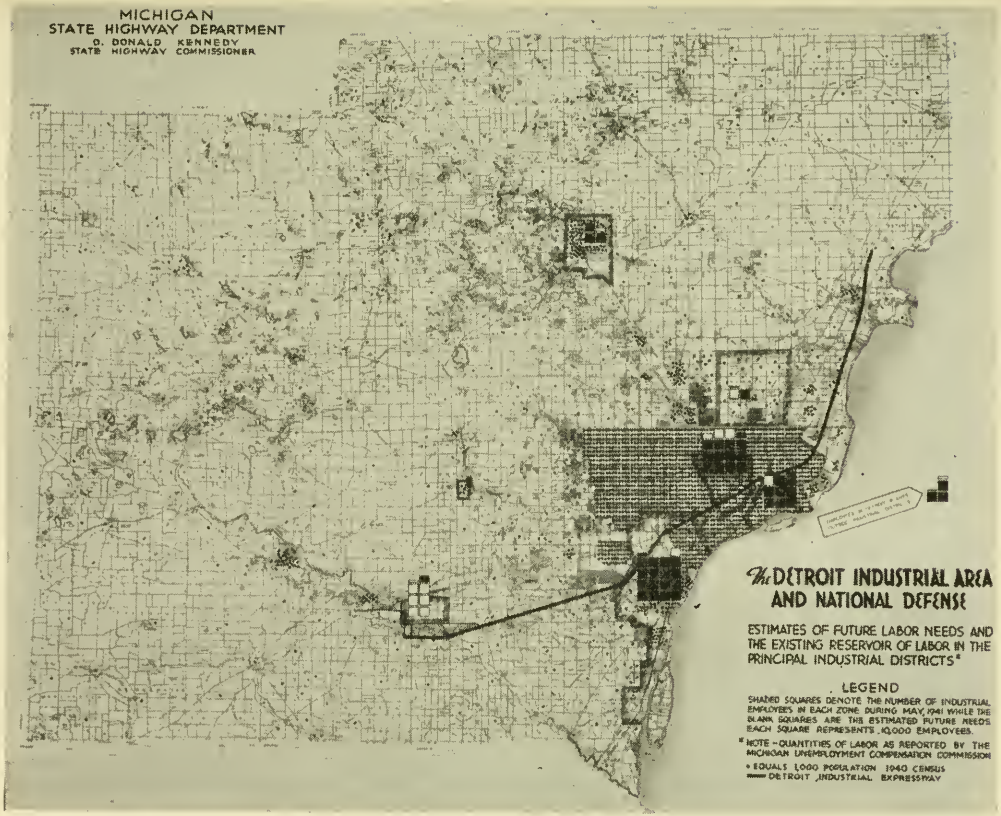
District or place	Expenditures for material and plant [4]					
	Material		Plant		Total	
		Percent		*Percent*		*Percent*
Detroit:						
A. River Rouge [1]	$147,872,853	22.7	$34,754,790	14.4	$182,627,643	20.5
B. Milwaukee Junction	85,611,168	13.2	34,257,524	14.4	119,868,692	13.4
C. Connors Mack	33,094,679	5.1	7,631,115	3.2	40,730,794	4.6
D. Detroit general [2]	42,645,067	6.5	28,557,745	11.8	71,202,812	8.0
Ypsilanti [3]			80,602,283	33.3	80,602,283	9.0
Plymouth	24,334,286	3.7	5,800,000	2.4	30,134,286	3.4
Farmington	485,979	.1			485,979	.1
Pontiac	141,680,590	21.8	5,700,000	2.4	147,380,590	16.5
Ferndale and Royal Oak	275,513	.1	1,263,344	.5	1,538,857	.2
Warren Township	174,098,360	26.8	41,020,022	17.0	215,118,382	24.1
Airfields:						
Selfridge Field			1,829,109	.7	1,829,109	.2
Wayne County Airport			268,739	.1	268,739	.1
Total	650,098,495	100.0	241,684,671	100.0	891,783,166	100.0

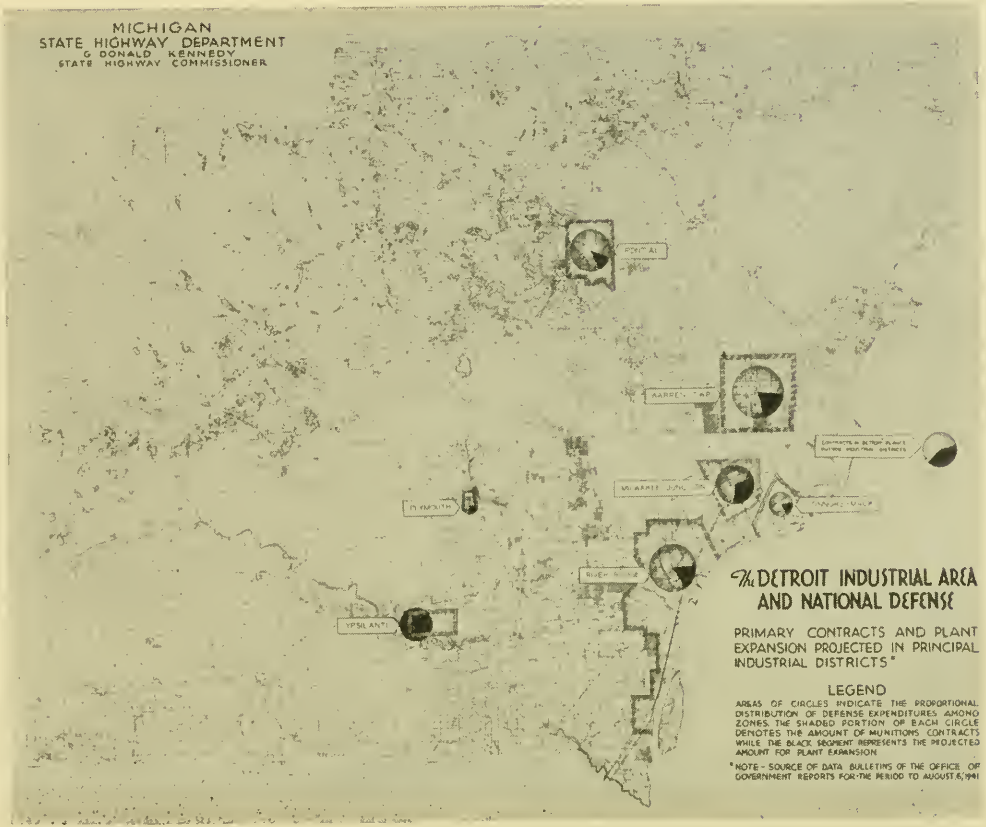
[1] River Rouge district comprises the southwestern section of Detroit, the eastern section of Dearborn, the municipalities of River Rouge, Ecorse, Melvindale, Allen Park, Lincoln Park, Wyandotte, and Trenton, and Grosse Ile.

[2] The Detroit general district is comprised of all of the incorporated area of Detroit not included in districts A, B, and C.

[3] Ypsilanti includes the city of Ypsilanti and that portion of Washtenaw County between the city and the Wayne County line.

[4] Amounts of contracts and awards and permits for plant expansion are those reported by Office of Production Management, Bureau of Research and Statistics, to Aug. 9, 1941. These figures do not include subcontracts or unpublished foreign and United States contracts. Therefore, the material figures only give a picture of the geographical spread of defense activity.


MICHIGAN
STATE HIGHWAY DEPARTMENT
G. DONALD KENNEDY
STATE HIGHWAY COMMISSIONER
The DETROIT INDUSTRIAL AREA AND NATIONAL DEFENSE
ESTIMATES OF FUTURE LABOR NEEDS AND THE EXISTING RESERVOIR OF LABOR IN THE PRINCIPAL INDUSTRIAL DISTRICTS*
LEGEND
SHADED SQUARES DENOTE THE NUMBER OF INDUSTRIAL EMPLOYEES IN EACH ZONE DURING MAY, 1941 WHILE THE BLANK SQUARES ARE THE ESTIMATED FUTURE NEEDS. EACH SQUARE REPRESENTS 10,000 EMPLOYEES.
* NOTE – QUANTITIES OF LABOR AS REPORTED BY THE MICHIGAN UNEMPLOYMENT COMPENSATION COMMISSION
• EQUALS 1,000 POPULATION 1940 CENSUS
DETROIT INDUSTRIAL EXPRESSWAY



MICHIGAN
STATE HIGHWAY DEPARTMENT
G. DONALD KENNEDY
STATE HIGHWAY COMMISSIONER

The DETROIT INDUSTRIAL AREA AND NATIONAL DEFENSE

PRIMARY CONTRACTS AND PLANT EXPANSION PROJECTED IN PRINCIPAL INDUSTRIAL DISTRICTS*

LEGEND

AREAS OF CIRCLES INDICATE THE PROPORTIONAL DISTRIBUTION OF DEFENSE EXPENDITURES AMONG ZONES. THE SHADED PORTION OF EACH CIRCLE DENOTES THE AMOUNT OF MUNITIONS CONTRACTS WHILE THE BLACK SEGMENT REPRESENTS THE PROJECTED AMOUNT FOR PLANT EXPANSION

*NOTE – SOURCE OF DATA BULLETINS OF THE OFFICE OF GOVERNMENT REPORTS FOR THE PERIOD TO AUGUST 6, 1941

PONTIAC
WARREN TWP.
CONTRACTS IN DETROIT PLANTS OUTSIDE INDUSTRIAL DISTRICTS
PLYMOUTH
RIVER ROUGE
YPSILANTI

Labor to meet the demand of the industrial expansion will be drawn from other areas of the country and other sections of the State, from the population not now gainfully employed, and from curtailment of normal civil production. The department is not in a position to estimate the extent that each of the sources will contribute to the total need. The experts on labor demand and supply will probably place that information before the committee.

Of this, however, the department is certain: That community expansion will take place in the area and that serious commuting problems will take shape that will affect the volume and character of highway transportation. The demand for improved facilities will be great.

A large reservoir of labor is contained in the Detroit area. This will be the principal source of labor supply which must be reoriented to new and expanded locations. The principal new sites are the Ford Army bomber plant at Ypsilanti; the Army tank arsenal, and the naval arsenal, both in Warren Township in south Macomb County, and the somewhat smaller district at Plymouth. The establishment of these new districts is characteristic of the way industrial expansion has taken place in the past in the Detroit area.

THE SPREAD OF INDUSTRIAL ACTIVITY

Industry has expanded laterally and has progressively established itself on the periphery of the growing city of Detroit. Expansion to the size visualized by industrial leaders was in many cases impossible because of restrictions imposed by the development of contiguous area. An example is found in the Ford Motor Co. It was first established in Highland Park, a city now entirely surrounded by the city of Detroit. Some 20 years ago the industry was established at the River Rouge locations, then an open area. The Rouge development is probably the largest single industrial establishment in the world. But now the Rouge is considered too crowded and restricted for further expansion. While some additional defense plant is being built there, the major plant increase is in the Ypsilanti area, some 20 miles west of the Rouge. Similar examples of expansion can be cited in other industries.

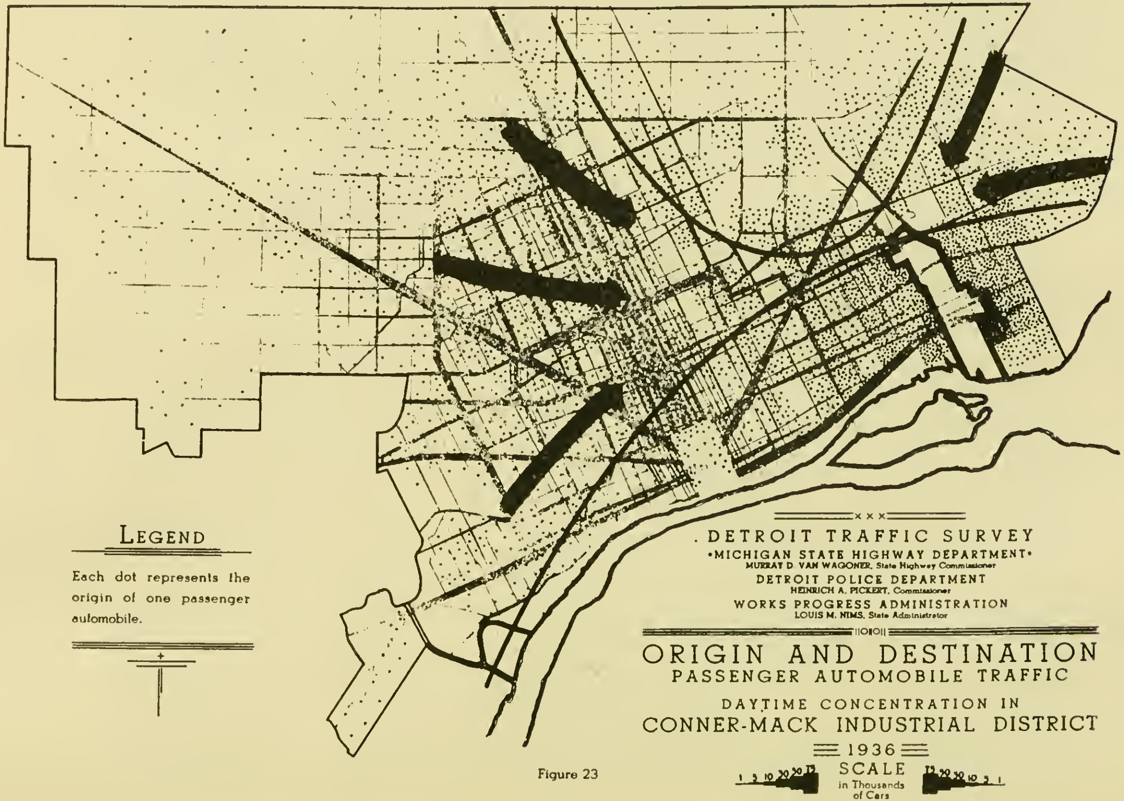
The total effect of continued industrial expansion has been to spread the city of Detroit and its metropolitan district over an area of some 2,000 square miles. This lateral expansion of industry and residential area has been made possible by the increased use of the automobile as a transportation facility. This use has given breadth rather than height to the area. Building statistics of Detroit show the tremendous preference for single-family dwelling units over multiple dwelling units. In 1940, out of approximately 10,000 permits, only 200 were for multiple units.

The fact that this type of expansion has given a character of breadth rather than height to industry and residence in greater Detroit, is perhaps the principal reason why the mass transportation system as it now exists was not developed to care for the important working population and why that population uses it so little.

INDIVIDUAL TRANSPORTATION FOR WORKERS

During an intensive survey of the traffic situation in Detroit made by the department in 1936, it was determined that only 20 percent of industrial employees ride streetcars and busses, while about 70 percent of the downtown workers, office and retail store employees, use these mass transportation facilities. The reason for this situation is found primarily in the fact that the original system was laid out to accommodate the business district and was not developed to serve expanding industry.

The wide dispersion of industrial employees over the Detroit area regardless of the location of the industrial sector in which they are employed is astonishing evidence not only of the dependence the workman placed upon individual transportation but of the extent to which Detroit industry itself must depend on motor transportation for successful operation. The efficiency with which the enlarged production machine of the area will function will depend on supplying labor at the factory doors.


DETROIT TRAFFIC SURVEY
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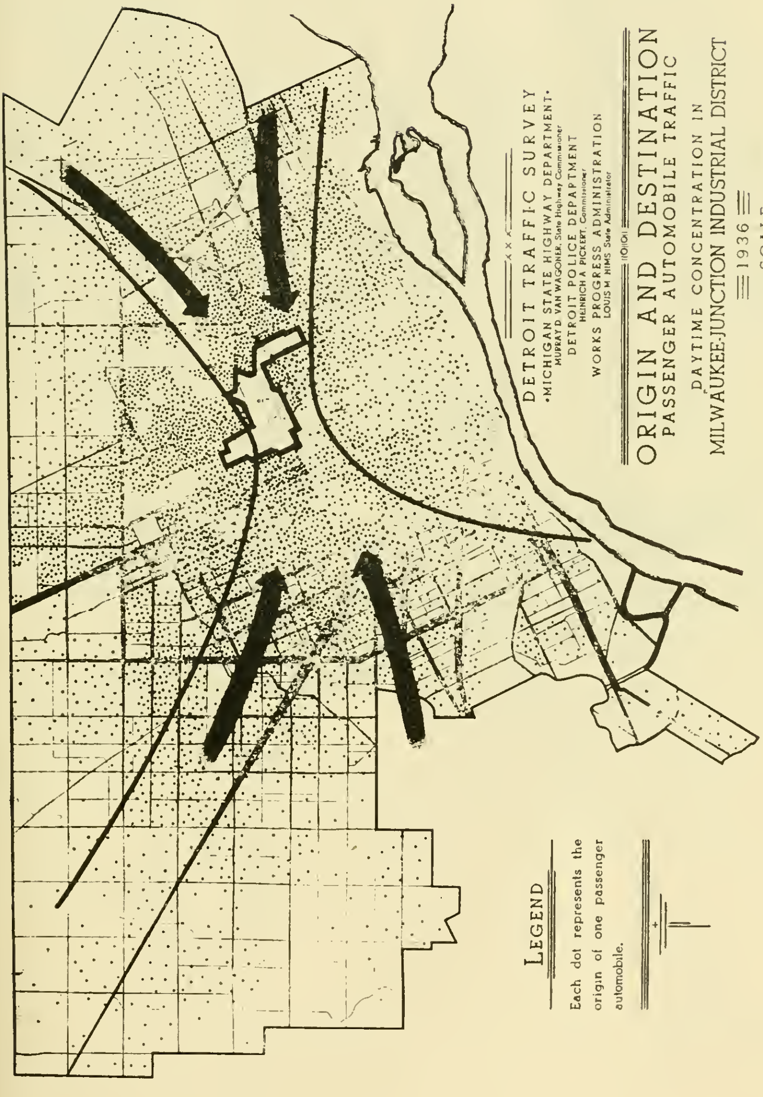
DETROIT POLICE DEPARTMENT
HEINRICH A. PICKERT, Commissioner
WORKS PROGRESS ADMINISTRATION
LOUIS M. NIMS, State Administrator
ORIGIN AND DESTINATION
PASSENGER AUTOMOBILE TRAFFIC
DAYTIME CONCENTRATION IN
CONNER-MACK INDUSTRIAL DISTRICT
1936
SCALE
in Thousands of Cars
1 5 10 20 50 75
75 50 20 10 5 1
LEGEND
Each dot represents the origin of one passenger automobile.

Figure 23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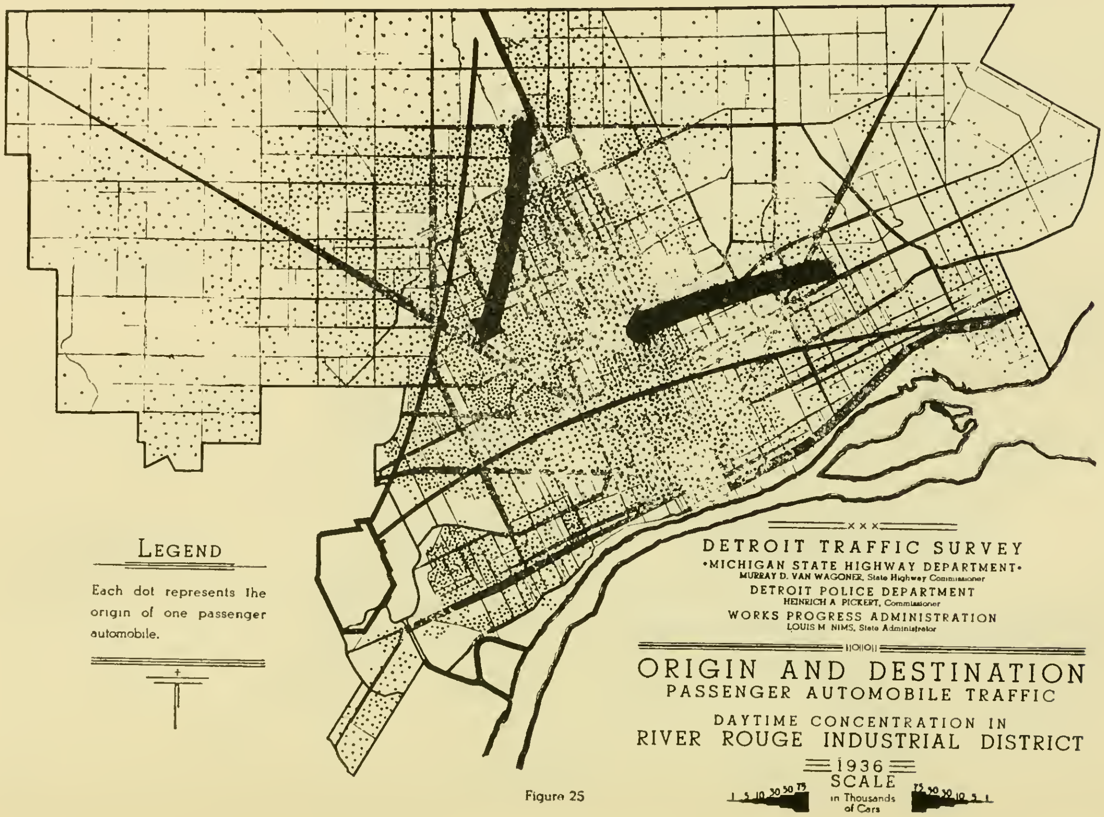
ORIGIN AND DESTINATION
PASSENGER AUTOMOBILE TRAFFIC
DAYTIME CONCENTRATION IN
MILWAUKEE-JUNCTION INDUSTRIAL DISTRICT
1936
SCALE
in Thousands of Cars
1 2 10 20 30 75
75 30 20 10 5 1
LEGEND
Each dot represents the origin of one passenger automobile.

Figure 24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LOUIS M. NIMS, State Administrator
ORIGIN AND DESTINATION
PASSENGER AUTOMOBILE TRAFFIC
DAYTIME CONCENTRATION IN
RIVER ROUGE INDUSTRIAL DISTRICT
1936
SCALE
in Thousands of Cars
1 5 10 20 30 50 75
75 50 30 20 10 5 1
LEGEND
Each dot represents the origin of one passenger automobile.

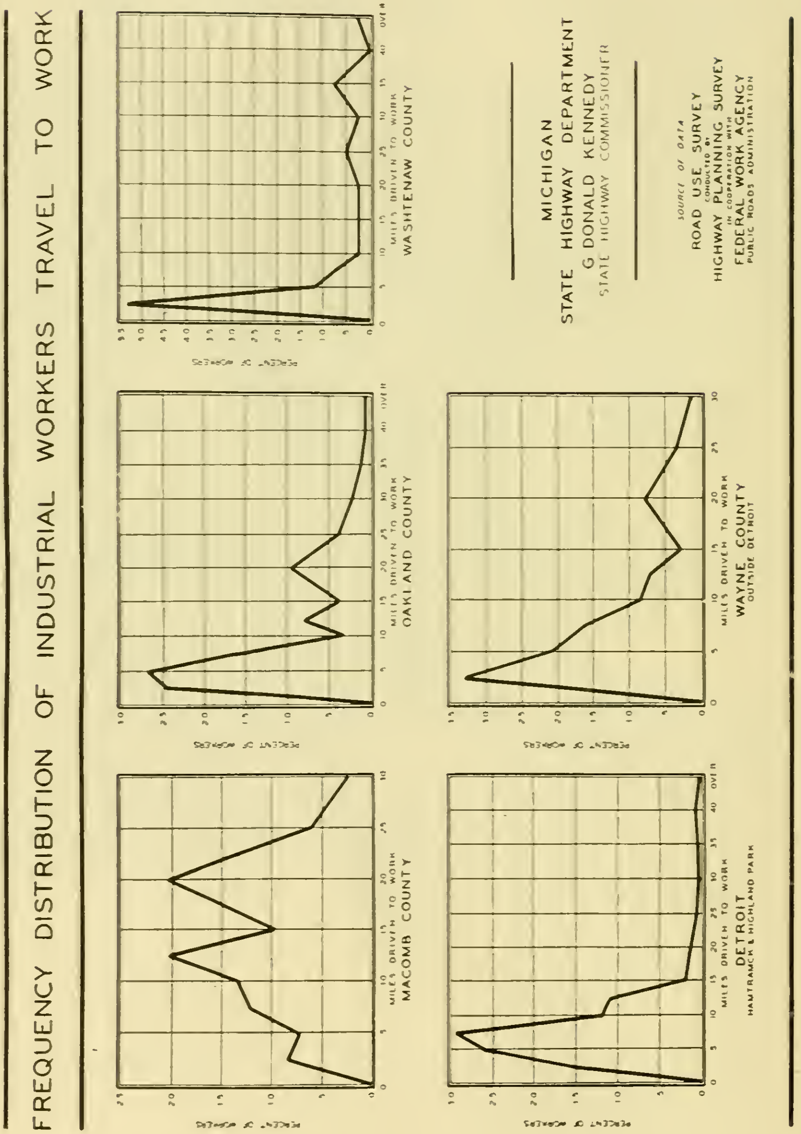
Figure 25

Distances industrial employees travel to work—frequency distribution of lengths of trips to factory from various parts of the Detroit area

1-way trip length (ranges)	Place of residence										All	
	Macomb County		Oakland County		Washtenaw County		Detroit, Hamtramck, Highland Park		Dearborn and miscellaneous			
	Percent	Cumulative	Percent	Cumulative	Percent	Cumulative	Percent	Cumulative	Percent	Cumulative	Percent	Cumulative
40 and over	0.0	0.0	0.5	0.5	2.4	2.4	0.2	0.2	0.0	0.0	0.3	0.3
35 to 39	0	0	.5	1.0	0	2.4	.1	.3	0	0	.1	.4
30 to 34	0	0	1.0	2.0	7.3	9.7	.3	.6	0	0	.5	.9
25 to 29	2.4	2.4	2.1	4.1	2.4	12.1	.2	.8	1.3	1.3	.7	1.6
20 to 24	6.0	8.4	3.7	7.8	4.9	17.0	.5	1.3	3.2	4.5	1.4	3.0
15 to 19	20.5	28.9	9.5	17.3	2.4	19.4	2.3	3.6	7.8	12.3	4.2	7.2
10 to 14	30.1	59.0	11.6	28.9	4.9	24.3	13.8	17.4	9.7	22.0	13.7	20.9
5 to 9	25.3	84.3	19.5	48.4	9.8	34.1	41.3	58.7	24.5	46.5	36.4	57.3
0 to 4	15.7	100.0	51.6	100.0	65.9	100.0	41.3	100.0	53.5	100.0	42.7	100.0
Total	100.0	------	100.0	------	100.0	------	100.0	------	100.0	------	100.0	------

Distances nonindustrial employees travel to work—frequency distribution of lengths of trips to place of work from various parts of the Detroit area

1-way trip length (ranges)	Place of residence										All	
	Macomb County		Oakland County		Washtenaw County		Detroit, Hamtramck, Highland Park		Dearborn and miscellaneous			
	Percent	Cumulative	Percent	Cumulative	Percent	Cumulative	Percent	Cumulative	Percent	Cumulative	Percent	Cumulative
40 and over	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.1	0.1
35 to 39	0	0	.8	.8	2.8	2.8	.3	.4	.9	.9	.4	.5
30 to 34	2.6	2.6	0	.8	0	2.8	.3	.7	0	.9	.3	.8
25 to 29	2.6	5.2	0	.8	1.4	4.2	.5	1.2	0	.9	.6	1.4
20 to 24	2.6	7.8	2.3	3.1	0	4.2	.3	1.5	.9	1.8	.6	2.0
15 to 19	5.2	13.0	3.1	6.2	0	4.2	2.2	3.7	7.9	9.7	2.7	4.7
10 to 14	11.7	24.7	12.3	18.5	8.5	12.7	10.7	14.4	6.1	15.8	10.5	15.2
5 to 9	10.4	35.1	12.3	30.8	11.3	24.0	44.8	59.2	33.3	49.1	38.2	53.4
0 to 4	64.9	100.0	69.2	100.0	76.0	100.0	40.8	100.0	50.9	100.0	46.6	100.0
Total	100.0	------	100.0	------	100.0	------	100.0	------	100.0	------	100.0	------

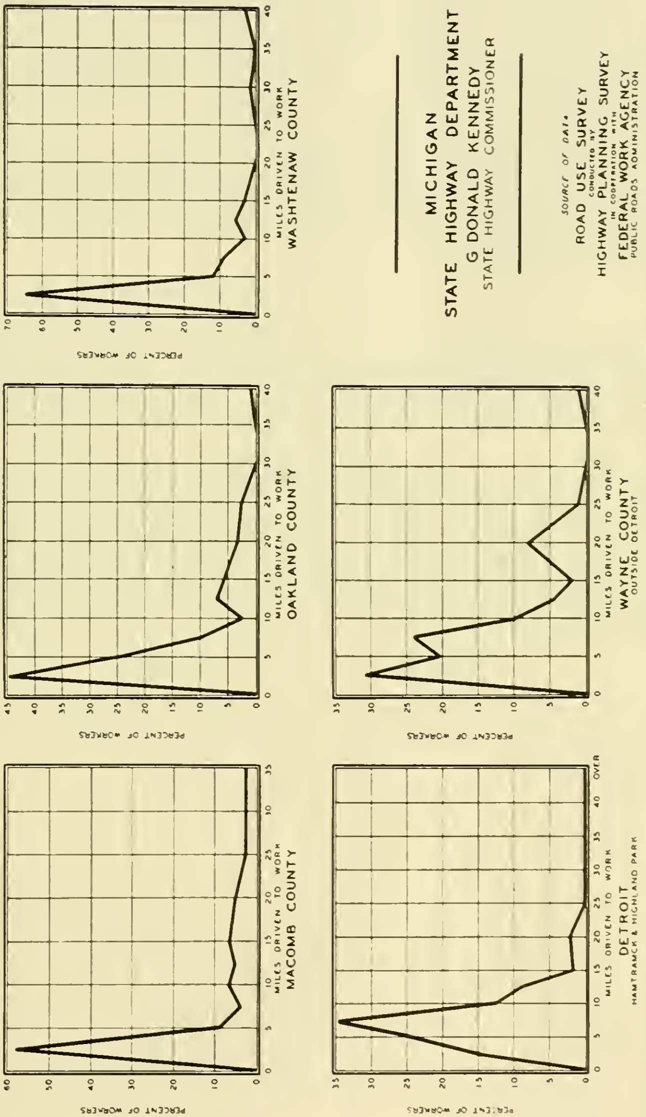


FREQUENCY DISTRIBUTION OF INDUSTRIAL WORKERS TRAVEL TO WORK

MICHIGAN
STATE HIGHWAY DEPARTMENT
G DONALD KENNEDY
STATE HIGHWAY COMMISSIONER

SOURCE OF DATA
ROAD USE SURVEY
CONDUCTED BY
HIGHWAY PLANNING SURVEY
IN COOPERATION WITH
FEDERAL WORK AGENCY
PUBLIC ROADS ADMINISTRATION

FREQUENCY DISTRIBUTION OF NON-INDUSTRIAL WORKERS TRAVEL TO WORK



MICHIGAN
STATE HIGHWAY DEPARTMENT
G DONALD KENNEDY
STATE HIGHWAY COMMISSIONER

SOURCE OF DATA
ROAD USE SURVEY
CONDUCTED BY
HIGHWAY PLANNING SURVEY
IN COOPERATION WITH
FEDERAL WORK AGENCY
PUBLIC ROADS ADMINISTRATION

Investigation by the Street Railway Commission of Detroit indicates that about 10 percent of the industrial employees reside in contiguous cities and 10 percent in the fringe area surrounding the city and 80 percent live within the city. But work-travel should not be thought of entirely in terms of people living in the suburbs and coming to jobs in Detroit. Of growing importance is the travel of Detroit people to employment in industrial locations far outside the city's limits. The new industrial centers at Plymouth and Ypsilanti are illustrations that the migration of industry creates transportation problems equally important to those created by the movement of people to the suburbs.

The reorientation of employees to industry in the accelerated production period immediately ahead will be accomplished in two ways; by intradistrict migration and by intradistrict commuting. The possibility of intradistrict migration appears to be greater than in previous industrial expansions. Particularly is this true with reference to the Ford plant at Ypsilanti.

There has been a reluctance on the part of workmen to follow the industry with residence. Detroit Street Railway officials estimate that only 10 percent of industrial homeowners change residence when the locale of their employment changes. The worker has regarded individual transportation as preferable to shift of residence. Perhaps uncertainty of permanent connections with any industry has forced his preference to transportation.

DISTANCES TRAVELED BY WORKERS

Detroit workmen do travel to their work over considerable distance. The highway planning survey has cross-sectioned the extent of daily travelling by automobile by industrial and nonindustrial workers. The results of this investigation are indicated in the table (p. 7099). The median one-way trip to work for both classes of workers is around 10 miles or about 20 miles of driving per day to work.

Distance, however, is not so much a factor in "to work" travel by automobile as time required in transit. During peak hours industrial, office, shopping, and commercial traffic appear on the streets and highways of the Detroit area simultaneously. During these periods due to congestion and delays, speed is reduced to a crawl and in a great many instances it takes about 1 hour to traverse city areas a distance of 10 miles. Along the main radiating arteries from the central business district through the satellite communities located on them it takes approximately 1¼ to 1½ hours to arrive at the 15-mile circle. For many workers, going and returning to work adds from 2 to 3 hours to their working day.

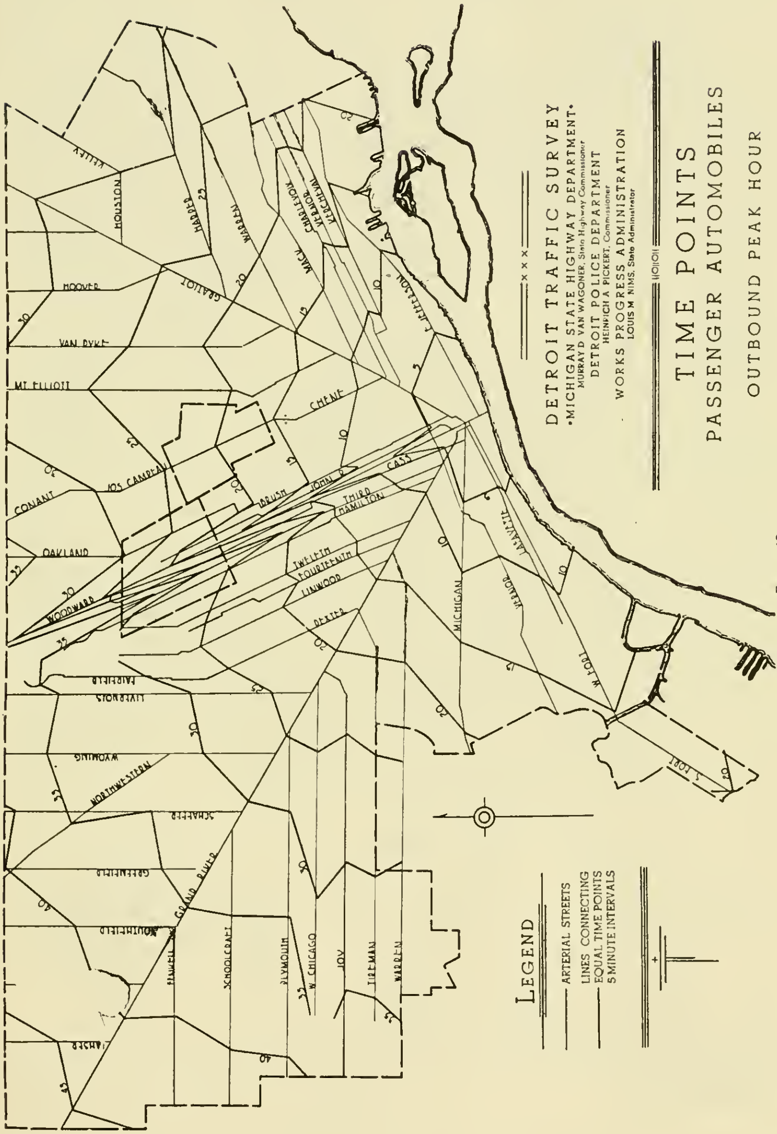
EFFECTS AND COSTS OF CONGESTION

From an economic standpoint this is important. The cost is too high. The consumption of fuel under conditions of congestion driving is more than double that of free movement. This penalty falls on the person least able to afford it—the workingman.

The provision of express-highway facilities, removal of bottlenecks, provision of grade-separation structures at railroad and other street intersections would be economically justified for it has been estimated that Detroit motorists paid $28,000,000 last year for congestion.

The extent of congestion and the dislocation of traffic which it causes is shown by comparative traffic figures for 1936 and 1941. The department's traffic studies in Detroit show a traffic increase in the central business district of only 7.6 percent during this time. Two and a half miles out, the increase was 9.9 percent, but in the area between the 2½ mile circle and the city limits, the over-all increase was 60 percent, and some streets show an increase of 200 percent.

These figures demonstrate the extreme congestion on the streets approaching the center of the city. They show that traffic is seeking its own relief by avoiding the central district and utilizing secondary and residential streets in the outlying area even though that entails considerable inconvenience and greater travel distance to its destinations. The effects of this mass detour movement on central district business and values and on the adequacy of existing outlying streets are already serious.


DETROIT TRAFFIC SURVEY
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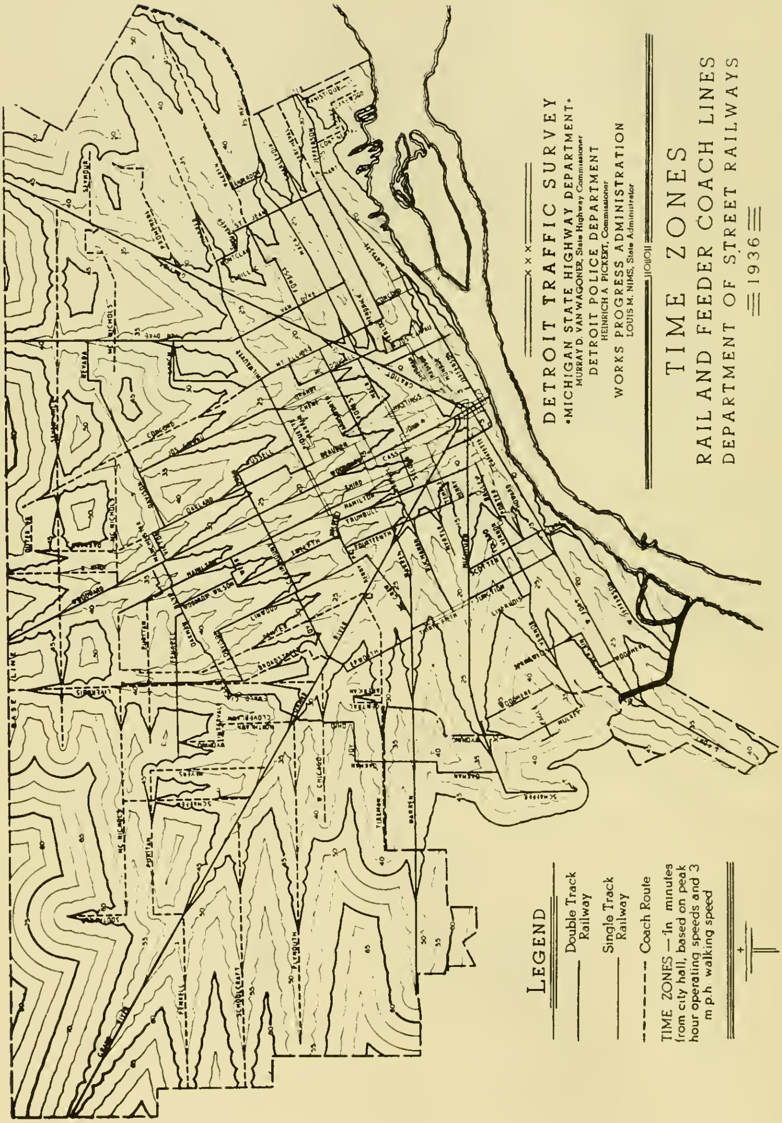
MURRAY D. VAN WAGONER, State Highway Commissioner
DETROIT POLICE DEPARTMENT
HEINRICH A. PICKERT, Commissioner
WORKS PROGRESS ADMINISTRATION
LOUIS M. NIMS, State Administrator
TIME POINTS
PASSENGER AUTOMOBILES
OUTBOUND PEAK HOUR
LEGEND
ARTERIAL STREETS
LINES CONNECTING EQUAL TIME POINTS
5 MINUTE INTERVALS
KELLY
HOUSTON
HARPER
WARREN
MACK
CHARLEVOIX
VERNOR
KERCHEVAL
E. JEFFERSON
GRATIOT
HOOVER
VAN DYKE
MT. ELLIOTT
CHENE
JOS. CAMPAU
CONANT
OAKLAND
WOODWARD
BRUSH
JOHN R
CASS
THIRD
HAMILTON
TWELFTH
FOURTEENTH
LINWOOD
DEXTER
MICHIGAN
LAFAYETTE
VERNOR
W. FORT
S. FORT
FAIRFIELD
LIVERNOIS
WYOMING
NORTHWESTERN
SCHAEFER
GREENFIELD
SOUTHFIELD
GRAND RIVER
FENKELL
SCHOOLCRAFT
PLYMOUTH
W. CHICAGO
JOY
TIREMAN
WARREN
LAHSER
5
10
15
20
25
30
35
40
45

Figure 43


DETROIT TRAFFIC SURVEY
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WORKS PROGRESS ADMINISTRATION
LOUIS M. NIMS, State Administrator
TIME ZONES
RAIL AND FEEDER COACH LINES
DEPARTMENT OF STREET RAILWAYS
1936
LEGEND
Double Track Railway
Single Track Railway
Coach Route
TIME ZONES—In minutes from city hall, based on peak hour operating speeds and 3 m.p.h. walking speed

Figure 50

DANGERS AND COSTS OF MIGRATION

It is believed that unless the employees' "time-distance" factor can be reduced very considerably, migration of people to the new outlying industrial sites is likely to be greatly accelerated. The extensive and hasty intradistrict migration of industrial workers to these outlying areas under pressure of the emergency would result in industrial clogging. This movement should be prevented or at least deferred so that orderly planning and development of the new cities can take place.

If it is assumed that a city of 100,000 population will be created near Ypsilanti by the operation of the Army bomber plant, it may be worth while to ponder the costs of developing such a city. Based on extensive analysis of governmental receipts and expenditures by the Michigan Highway Planning Survey, the capital investment and operating costs are presented for a hypothetical city of 100,000 population.

Public facilities: Schools, governmental buildings, fire stations, water supply, sewerage and sewage disposal, pavements, sidewalks, parks, etc	$27, 000, 000
Private facilities: Residences, stores, shops, finnacial institutions, service places, etc. (based on a valuation of $1,500 per capita and a valuation of 60 percent of market value)	225, 000, 000
Total about	252, 000, 000

This cost does not include the State or Federal costs involved in serving a city of this size.

Operating costs are estimated to be about $5,000,000 annually.

Perhaps the creation of a city of this size would be economically justified provided, of course, that permanent industrial operations could be anticipated with some degree of certainty. But even though justified, the building of such a city should be deferred for post-defense activity, thus allowing time for orderly and careful planning.

HIGHWAYS FOR COMMUTING WORKERS

Much of the cost and waste involved in hurried emergency migration of population can be avoided if it is made possible for workers to commute from their present homes to the new job location. An industrial express highway tapping the heart of the labor market in the city of Detroit and connecting the principal industrial districts would accomplish this emergency purpose. At the same time it would serve the area's continuing highway needs.

The department's plan of motorways for the Detroit area includes such a route. The industrial expressway known as the McGraw-Harper Crosstown Motorway was conceived as the axial route of that plan. It would bisect the Detroit labor reservoir, extending northeasterly beyond the congested fringe to a point north of Mount Clemens. Its southwesterly extension would be the initial part of the projected Chicago to Detroit interregional expressway.

Thus, this projected highway is worthy of serious consideration as a vital part of both the industrial expansion program for defense and the planned long-range future highway development program which will fit well into the higher national income level which must inevitably follow the war.

Vital highway connections are as much a part of plant expansion as the assembly lines themselves and it would be fitting that they be so regarded by those working for expanded production.

HIGHWAYS FOR THE BOMBER PLANT

In connection with the Ford bomber plant development, the department in cooperation with the counties involved, the Public Roads Administration, and Ford Co. officials, laid out a general plan of plant-gate access routes. This plan provides for no intersections at grade whatever, and for complete separation of opposing traffic.

The objective was to completely eliminate all friction commonly experienced when large volumes of traffic are experienced at shift changes. A half-hour delay getting away from the plant and 20-mile speeds on a journey of 20 to 25 miles ending in Detroit city traffic would discourage any worker from continuous employment at the plant. The inevitable large labor turn-over, with the accompanying waste and inefficiency in production, cannot be tolerated.

By the design provided in the access-road plan, 50-miles-per-hour speeds are permitted for the 60,000 workmen who will be employed there. But from one-half to 2 miles away from the plant, congested roads leading into Detroit will prevail. With one exception, they are two-lane roads now operating near or in excess of capacity. The exception is the divided four-lane route of U S 112 leading to Detroit, via Dearborn, which, because of uncontrolled roadside exploitation, is rapidly assuming characteristics of a city street.

Under these conditions, it appears that immediate consideration must be given to the construction of the express-way link between Detroit and Ypsilanti. For the betterment of industrial movement within the city, the cross-town portion of the route should likewise be started. The extension of the route to Mount Clemens should also receive consideration.

This is not only a legitimate but a basic industrial defense-production item. The cost would be about $65,000,000. The priority of its elements should be determined and there should be immediate Federal action to get them built. The cost of this logical part of the defense-production program is a small percentage of the value of the plant and its anticipated production.

BENEFITS OF ADEQUATE HIGHWAYS

It is firmly believed that migration of the damaging kind can be reduced to orderly proportions by the provision of adequate industrial highway transportation facilities. The unhealthy migration which occurs in emergency boom conditions is not only a problem of housing but of whole community building. Communities of the kind that follow in the wake of booms are either total losses or long-continuing public liabilities.

In the time permitted by the emergency a desirable community cannot be built. The skills and materials for building it are required for defense production. Highway skills are more readily available and the materials are not necessarily restricted. The building of better transportation arteries would establish a pattern for metropolitan growth and save much of the endless expenditure made necessary by unplanned expansion.

There is pressing need for other links in the network of the metropolitan area of Detroit. Quick transport by automobile to the recreation areas lying on the periphery of the metropolitan district is as much a necessity to working people as quick transport to the places of work. Week-end and holiday congestion on highways leading into Detroit begins about 35 to 40 miles from the city. It is as important to relieve this as it is to provide adequate roadways for the traffic going out of the city on workdays.

POST-DEFENSE PROGRAM

A word might be added in regard to the post-defense situation. Any shrinkage of sizable proportions from the $110,000,000,000 national income estimated as the peak of the defense effort would bring chaos to the country. Past depressions would seem like eras of prosperity in comparison. To sustain the national income at high levels, building and producing will be imperative. Highways will be a vital part of the building program and indispensable to efficient production. The accumulated deficiencies in the State system will be a fruitful source of projects for the program of public works if needed to absorb the release of defense workers and soldiers.

The department has been collecting data on the highway situation in Michigan through its highway planning sureey. With this data a comprehensive plan for the State trunk-line system is being evolved. From this plan an orderly adequate program for the post-defense period can be made available. It is believed that the department will be ready, should public works be determined essential in shifting defense workers and soldiers back to civil activities.

TESTIMONY OF LLOYD B. REID AND FRED C. TAYLOR—Resumed

The CHAIRMAN. If you will outline your report briefly, the members of the committee may wish to ask some questions afterward.

Mr. REID. We feel that the new defense industries were located in this area for possibly two principal reasons: We have skill in the business of production, and we have skilled management and we have a reservoir of skilled trades. That is probably the basic reason for locating these industries in the Detroit area.

PLANS TO FACILITATE TRANSFER OF WORKERS TO NEARBY DEFENSE JOBS

It is our feeling the transfer of men from the job they are now on to this other job can best be done by minimizing the interruption and disruption of the shift from peacetime industry to defense industry.

The ideal set-up—and it seems the minimum adjustment to be made—would have this man stay where he lives, hang up his apron in one shop today and go to work in another shop on a defense article tomorrow. We think this can be greatly facilitated by construction of highways which will reduce to a minimum the traveling time from his home to the place where he works. That is, the time consumed and the cost are the two prime factors that determine whether he wants to move or not. If he can travel from his old home to his new place of business at a reasonable expense and within a reasonable length of time, there is no incentive for him to move.

The Chairman. This shift from nondefense to defense industry is bound to cause great unemployment, isn't it?

Mr. Reid. Yes.

The Chairman. And, therefore, if you had highway construction going on, it would take up a little of that problem, wouldn't it?

LARGE CONCENTRATIONS OF FORD INDUSTRIES

Mr. Reid. That is a consideration. But there are other important benefits. Let us cite the case of the Ford bomber plant. I understand that the Ford industries today employ 85,000 men, and I understand that is the largest industrial concentration in the world.

Now, they are proposing to go out into the open country and set up an industrial organization that will employ 60,000 men, and I understand that will be the second largest industrial concentration in the world.

Mr. Osmers. Will that be in addition to their 85,000 men?

Mr. Reid. Yes. Entirely separate. If I may step to the map here, I will show you these squares each of which represents 10,000 employees in the present Ford industrial area [indicating].[1] Now, they are proposing to go out here and set up this new area.

The Chairman. How far away is that?

Mr. Reid. About 15 miles, I guess; and there are no highways, nothing but local roads to take care of access to that plant. When it is a good day, you don't need a roof on the building; but every day you must have some transportation facilities to get men to work.

PROPOSED ACCESS HIGHWAYS

Mr. Osmers. Is that black line that you call the "Detroit industrial expressway" in being today, or is that proposed?

Mr. Reid. That is proposed entirely; it is a proposed limited-access highway, with divided lanes and separated by grades. That will take care of this tremendous outpouring of employees when the whistle blows.

Mr. Osmers. What is its extent?

Mr. Reid. It extends on up the eastern side and bisects the residential areas of these people. The thing we have done, as this map shows, is to prepare for the employees where they live. They have got to come from where they live and they have got to go where the industrial concentrations are.

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[1] Reproduced on p. 7094-A

Mr. OSMERS. It is not proposed to build housing at this new Ford plant?

Mr. REID. You can provide a way for these people to come to work from where they live now an awful lot easier than you can provide housing there.

Mr. OSMERS. How far along is this plan for the expressway? Is it a matter of legislation yet?

Mr. REID. It is in the planning stage. That was our No. 1 project. That was to be included in the defense highway scheme.

Mr. OSMERS. What is the length of the expressway?

Mr. REID. Eventually it would extend to Toledo and Chicago.

Mr. OSMERS. And the black line on the map represents how many miles?

Mr. REID. Twenty-five or thirty. You see, this bisects the entire present Detroit industrial area. It would serve both as an access road to the present industrial plants and to the proposed future industrial plants.

Mr. OSMERS. What would the cost of such an expressway be?

Mr. REID. Well, it will depend on how far you go with it.

Mr. OSMERS. In the stage represented on the map.

Mr. TAYLOR. It is in the report at $65,000,000.

Mr. OSMERS. A large proportion will be on land that must be acquired, I presume?

Mr. REID. Yes.

Mr. TAYLOR. It traverses the densely built-up section of the city of Detroit.

Mr. ARNOLD. Mr. Reid, if you don't have some new highway construction, you can visualize such a situation as we found in the Baltimore area where a worker testified that to travel 15 miles from his home to his work took 2 hours in the morning and 2 hours in the afternoon.

Mr. REID. Exactly. There are two factors, the time consumed and the cost; and they work together. If a fellow has to stop at traffic lights and average 5 miles an hour, his gasoline consumption runs away up, although the distance traveled is only 15 or 20 miles. He may be as long as 2 hours in doing that, and it may cost him as much to operate his car as it would to drive 100 miles.

We don't look at this thing as a stopgap construction between the change in occupation, but as a basic need, a basic part of the defense industry—just as much so as the roof on the building.

Mr. OSMERS. Is there any highway now in existence that approximates this road? Is there any main road or through highway of any kind that parallels it or follows its course?

Mr. REID. U S 112 passes near the plant, and it is a double-lane highway. We have a plan for a number of roads. We can't solve a problem like that with one highway. The plant has to be accessible on all roads.

Mr. OSMERS. You have to have feeder roads?

Mr. REID. Yes, sir. The principal feeder has to be this way, because this is where the people live, but it extends in each direction, and it is planned to develop a highway system in all directions.

The Chairman. In other words, Mr. Reid, you would classify that as really a national-defense project, wouldn't you?

Mr. Reid. Yes; absolutely.

HIGHWAY CONSTRUCTION DEPENDENT UPON FEDERAL AID

Mr. Osmers. Is it proposed by the State Highway Department of Michigan to apply to the Federal Government for funds?

Mr. Reid. We had hoped to have it financed out of the defense highway bill.

Mr. Osmers. The one that was defeated?

Mr. Reid. Yes, sir. I understand a substitute bill has since been introduced. I am not sure what progress has been made.

Mr. Osmers. The substitute may have a better chance if it is placed on a different basis.

Mr. Reid. The new plant is going to be in production in January, and we are reaching the time of year when we have to stop our concrete mixers on account of the weather. That is why the situation is becoming serious.

EIGHTY-FIVE PERCENT OF MATERIAL TRANSPORTED BY TRUCK

It is proposed to transport not only the men, but 85 percent of the material coming into this plant by truck. It is a staggering operation, and we have watched it grow, and I don't believe we have expended our thinking to the size of this thing.

Mr. Osmers. To an observer just coming in from the outside, in view of the transportation problem it doesn't seem, on the face of it, to be a wise location.

Mr. Reid. That particular location, I believe, was selected partly because the Ford Motor Co. owned the land and partly because it is ideally located as an airport. It is absolutely flat. It is also close enough to the Ford concentration there so that their facilities and their personnel can be available to both plants.

The Chairman. Mr. Reid, we are glad you have called the attention of this committee to your problem. We thank both of you gentlemen very much, especially for your report. I know it will be valuable to to us.

Mr. Reid. We thank you for the privilege of appearing before the committee.

The Chairman. Our next witness is Mrs. Decent, who has two of her children with her here.

TESTIMONY OF MRS. MAYNARD DECENT AND BONNIE JEAN DECENT, MUSKEGON, MICH.

The Chairman. Mrs. Decent, please have a seat. I hope you and your children will feel at ease. You will not be cross-examined, or anything of that kind. We think you are just as important as the Governor of the State or any other witness who appears before us.

Congressman Arnold will ask you a few questions.

Mr. Arnold. Mrs. Decent, I must confess that I do not know why you are turned over to me for questioning, because heretofore at all of the hearings Chairman Tolan has insisted upon questioning those in whose welfare he is so much interested—that is, those who have migrated from one part of the State or one part of the country to another.

The committee, Mr. Chairman, is indebted to Mr. Krauss,[1] who is among those present, and to the Federal Works Agency, for assistance in connection with the selection of these defense-migrant witnesses.

The CHAIRMAN. Thank you very much, Mr. Krauss.

Mr. ARNOLD. Mrs. Decent, will you state your name, age, and address for the record?

Mrs. DECENT. Mrs. Maynard Decent. I am 28 years of age and I live at 1622 Sanford Street, Muskegon Heights, Muskegon, Mich.

Mr. ARNOLD. How many children have you?

Mrs. DECENT. Five.

Mr. ARNOLD. What are their ages?

Mrs. DECENT. The oldest one is 8, and 6, and 3, and 2, and 5 months.

Mr. ARNOLD. How long have you been living in Muskegon?

Mrs. DECENT. Well, I have only lived there about 6 weeks, but my husband has been working there longer.

Mr. ARNOLD. Since the spring?

Mrs. DECENT. Yes.

Mr. ARNOLD. Where did you live before that?

Mrs. DECENT. Escanaba.

Mr. ARNOLD. That is in the northern part of the State?

Mrs. DECENT. Yes, sir.

Mr. ARNOLD. It is quite a distance from Muskegon, isn't it?

Mrs. DECENT. Yes, it is.

Mr. ARNOLD. How many miles?

Mrs. DECENT. Oh, it is 450 miles.

Mr. ARNOLD. Was your husband working in Escanaba?

Mrs. DECENT. Well, not at the time he came to Muskegon.

Mr. ARNOLD. But he had been employed?

Mrs. DECENT. He had been employed; yes.

Mr. ARNOLD. Why did you leave Escanaba?

Mrs. DECENT. Well, his work wasn't steady.

Mr. ARNOLD. Well, why did you come to Muskegon?

Mrs. DECENT. Well, he has brothers in Muskegon and they wrote him and told him that they thought he could find employment in Muskegon and he came down there.

Mr. ARNOLD. Because of the defense efforts in Muskegon?

Mrs. DECENT. Yes, sir.

Mr. ARNOLD. There would be job opportunities?

Mrs. DECENT. Yes.

Mr. ARNOLD. When your husband came to Muskegon did you or any of the children come with him?

Mrs. DECENT. No.

Mr. ARNOLD. He came first and located a job and then sent for his family?

Mrs. DECENT. Yes.

Mr. ARNOLD. Did he go back for you?

Mrs. DECENT. Oh, no, I drove down.

Mr. ARNOLD. You drove down with the children?

Mrs. DECENT. Yes.

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[1] Eugene A. Krauss, housing manager, Defense Housing Division of Federal Works Agency, Muskegon, Mich.

Mr. ARNOLD. Is the firm your husband is working for engaged in defense work?

Mrs. DECENT. Yes.

Mr. ARNOLD. We are very much interested in housing conditions. Did you have any trouble finding a place to live?

Mrs. DECENT. Yes, sir; we did because we have children and it was hard to find a place.

Mr. ARNOLD. You mean that landlords don't care to have children in their apartments or homes?

Mrs. DECENT. Most of them don't.

Mr. ARNOLD. They don't object to dogs or cats?

Mrs. DECENT. No.

Mr. ARNOLD. But you finally found a place to live. Will you tell us something about where you are living and what you are paying for it and what you have for the money you pay out?

Mrs. DECENT. Well, we are living in a furnished apartment and we pay $5.50 a week and we have three rooms.

Mr. ARNOLD. How large are the rooms?

Mrs. DECENT. Well, they are quite large.

Mr. ARNOLD. Three rooms including a kitchen?

Mrs. DECENT. Yes; including kitchen.

Mr. ARNOLD. Do you have a bath?

Mrs. DECENT. Well, just one. There is one bathroom downstairs and one bathroom upstairs but there is only one bathtub.

Mr. ARNOLD. Is this a brick building, an apartment house, or a converted family dwelling?

Mrs. DECENT. Well, I think it was an old hospital. It is just a wood, frame building.

Mr. ARNOLD. And several other families live there. Do you know how many people live in the building?

Mrs. DECENT. Well, I think there are about 25.

Mr. ARNOLD. And the 25 includes children?

Mrs. DECENT. Yes, sir.

Mr. ARNOLD. And they use the two bathrooms which are the only facilities that you have?

Mrs. DECENT. Yes, sir.

Mr. ARNOLD. What part of town is this building in?

Mrs. DECENT. Well, it is in the heights.

Mr. ARNOLD. On a paved street?

Mrs. DECENT. Yes, sir.

Mr. ARNOLD. Is it a nice neighborhood?

Mrs. DECENT. Well, yes; it is.

Mrs. ARNOLD. Are you happy there?

Mrs. DECENT. Well, I wouldn't exactly say I am happy there.

Mr. ARNOLD. Would you rather be back in Escanaba?

Mrs. DECENT. No; I would rather not be back in Escanaba, but I would like to find some place different to live in.

Mr. ARNOLD. You had better living conditions in Escanaba?

Mrs. DECENT. Yes.

Mr. ARNOLD. If you could have in Muskegon what you had in Escanaba you would be extremely happy?

Mrs. DECENT. Yes, sir.

Mr. ARNOLD. You look happy and these children look as if they are satisfied and contented. How much does your husband earn?

Mrs. DECENT. Now?

Mr. ARNOLD. Yes.

Mrs. DECENT. He makes 50 cents an hour. He works 10 hours a day.

Mr. ARNOLD. Is that about $30 a week?

Mrs. DECENT. Yes, sir.

Mr. ARNOLD. $120 a month and you pay $25 or $30 a month rent?

Mrs. DECENT. Yes.

Mr. ARNOLD. What firm does he work for?

Mrs. DECENT. He works for the Shaw-Crane Co.

Mr. ARNOLD. And they are engaged in defense production now?

Mrs. DECENT. Yes.

Mr. ARNOLD. Now, on this $30 a week do you manage to get along pretty well?

Mrs. DECENT. Oh, yes; we get along.

Mr. ARNOLD. Are you able to save any money?

Mrs. DECENT. No; we haven't been.

Mr. ARNOLD. Do you think you will be after you get adjusted to your new home?

Mrs. DECENT. Well, we hope to.

Mr. ARNOLD. This committee, as the chairman has said, believes that one of the "cushions" after the depression overtakes us will be what the family has been able to accumulate. But with five children to clothe and feed, isn't it going to be rather difficult in your case?

Mrs. DECENT. Yes.

Mr. ARNOLD. Wouldn't you and your family, since your husband is working on defense work, be eligible to apply for a defense house under the defense housing project?

Mrs. DECENT. Yes.

Mr. ARNOLD. Have you applied?

Mrs. DECENT. Yes; I have applied.

Mr. ARNOLD. What stage is that in?

Mrs. DECENT. Our application has been accepted but the Shaw-Crane is on strike right now.

Mr. ARNOLD. They are on strike?

Mrs. DECENT. Yes, sir; so that is why we haven't moved out there.

Mr. ARNOLD. You mean he isn't working now?

Mrs. DECENT. No; they have been on strike for a week now.

Mr. OSMERS. What are they striking for?

Mrs. DECENT. Higher wages and a closed shop.

Mr. OSMERS. He is paid 50 cents an hour now?

Mrs. DECENT. Yes.

Mr. OSMERS. What are they asking for?

Mrs. DECENT. They are asking for 65 cents low.

Mr. OSMERS. Is 50 cents low now?

Mrs. DECENT. Yes.

Mr. OSMERS. And they want 65 cents?

Mrs. DECENT. Yes, sir.

Mr. OSMERS. That is an increase of 30 percent?

Mrs. DECENT. Yes.

Mr. ARNOLD. If they are out on strike very long that is going to make it a little difficult?

Mrs. Decent. Yes; it is.

Mr. Arnold. You spoke about your husband having a brother there. Are his living quarters any different from yours?

Mrs. Decent. Well, he has three brothers there. One is living in the Government apartments and then he has another one living out on Henry Street. Yes; they are much better than ours.

Mr. Arnold. The Government apartments are pretty well fitted up?

Mrs. Decent. Yes.

Mr. Arnold. And do not cost much more in rent than you are paying?

Mrs. Decent. No.

Mr. Arnold. And that is what you would like to have?

Mrs. Decent. Yes.

Mr. Arnold. When this defense program is over do you plan on returning to Escanaba or on continuing to live in Muskegon?

Mrs. Decent. We are planning on continuing to live in Muskegon. There isn't anything to return to Escanaba for.

Mr. Arnold. You, like millions of other defense workers who have migrated, expect to continue living on where you are, even though these defense orders will sometime soon after the war is over be curtailed?

Mrs. Decent. Yes.

Mr. Arnold. You have no other place to go; no plans except continuing to live at Muskegon?

Mrs. Decent. Yes.

The Chairman. In other words, Mrs. Decent, where your husband can get employment is where you want to live?

Mrs. Decent. Yes.

The Chairman. How many apartments are there in the building in which you are living?

Mrs. Decent. Six.

The Chairman. And you are paying about $22 a month for your apartment?

Mrs. Decent. Yes.

The Chairman. So the landlord is receiving for those six apartments, $125. Do you know what the rent was formerly in that place?

Mrs. Decent. No.

The Chairman. Has it gone up?

Mrs. Decent. Well, I don't know.

The Chairman. You say all these 25 people share the one bathtub. How do you arrange that? Do you draw straws for turns in the tub?

Mrs. Decent. I wouldn't say. I don't use it.

The Chairman. Do the children use it?

Mrs. Decent. No; we have an old-fashioned tub.

The Chairman. You wheel that out, do you, every Saturday night, as we used to?

Mrs. Decent. Yes; that is about it.

The Chairman. (To one of Mrs. Decent's two children.) What is your name?

Bonnie Jean. Bonnie Jean.

The Chairman. How old are you, Bonnie?

Bonnie Jean. Eight.

The Chairman. Do you go to school?

Bonnie Jean. Yes.

The Chairman. How far is the school from where you live?

Bonnie Jean. I don't know.

The Chairman. How many brothers have you?

Bonnie Jean. Two.

The Chairman. There are two girls and two boys in the family?

Mrs. Decent. Three girls and two boys.

The Chairman. And do they all go to school except the baby?

Mrs. Decent. Only two of the children go to school. One little boy, age 2 years, is in the hospital at Marquette, Mich. He has been there 1 year.

The Chairman. Well, you certainly have two lovely girls, Mrs. Decent. So you are satisfied to remain right where you are as long as your husband can secure employment?

Mrs. Decent. Yes.

The Chairman. Why can't you go into one of these Federal defense houses?

Mrs. Decent. Well, we are living in a furnished apartment right now and we haven't got the money right now to have our furniture shipped from Escanaba or buy new furniture; and, of course, we don't want to do anything like that until we know how the work is going to turn out.

Mr. Osmers. In answer to Congressman Arnold's question, Mrs. Decent, you said you had not been able to save any money on the job up there; is that right?

Mrs. Decent. Yes.

Mr. Osmers. May I ask you how you make out while the strike is going on, as to rent and food and other expenses?

Mrs. Decent. Well, we have saved—my husband knew they were going on strike. He didn't know just when, but he knew they were, so we have saved what we could out of each week.

Mr. Osmers. How long will that money last?

Mrs. Decent. I don't know how long that will last. I imagine by the end of next week we will be up against it.

Mr. Osmers. Does it look as if the strike is going to be settled?

Mrs. Decent. Yes; they think it will be settled the end of this week. They have hopes it will be.

Mr. Osmers. Do you think, from your standpoint, that it would have been better if the men had not gone out on strike and that some Government mediation agency would have mediated the proposition while they were still working?

Mrs. Decent. Yes; I think it would have been much better.

Mr. Osmers. Is the matter now before some Government mediation body?

Mrs. Decent. Yes; it is.

Mr. Osmers. So, in other words, those men and their families are, in a way, going to be close to the starvation point, and yet it still has to be settled by a Government mediation body anyway?

Mrs. Decent. Yes.

Mr. Osmers. But in the meantime you are not receiving any income?

Mrs. Decent. No.

Mr. Osmers. What was your husband doing in Escanaba?

Mrs. Decent. He was a cement mixer for the Superior Products.

Mr. Osmers. And what does he do now in Muskegon?

Mrs. Decent. Why, I think he drives rivets or something like that.

The Chairman. Thank you very much, Mrs. Decent. We appreciate your coming here. Mr. Peppin is our next witness.

TESTIMONY OF ALBERT PEPPIN, MUSKEGON, MICH.

The Chairman. Mr. Peppin, Congressman Arnold will ask you a few questions.

Mr. Arnold. Mr. Peppin, will you state your name and address and age for the committee?

Mr. Peppin. Albert Peppin, 51 next birthday, the 20th of this month. 1900 Commerce Street, Muskegon.

Mr. Arnold. Where were you born, Mr. Peppin?

Mr. Peppin. Well, in the neighborhood of Ishpeming, Mich., in the Upper Peninsula of Michigan.

Mr. Arnold. How long did you live there?

Mr. Peppin. Well, until last March. That is when I came down to Muskegon.

Mr. Arnold. What kind of work were you engaged in?

Mr. Peppin. In the mining industry.

Mr. Arnold. What kind of mines?

Mr. Peppin. Iron-ore mines.

Mr. Arnold. When did you start working there—at what age?

Mr. Peppin. Eighteen years old.

Mr. Arnold. Ever have any other kind of employment?

Mr. Peppin. No. Practically followed the mining game all the way through except, well, from the iron ore mines I went to gold mining for a while on a prospect up there.

Mr. Arnold. Did you have a better job in that mine?

Mr. Peppin. Yes; I did.

Mr. Arnold. What was that job?

Mr. Peppin. I was in charge.

Mr. Arnold. You were the boss?

Mr. Peppin. Yes, sir.

Mr. Arnold. And what salary did you receive?

Mr. Peppin. Well, the salary was kind of up and down at times. It depends on how the stock situation went, and whether they had any new prospects. I would say wages were around $40 a week.

Mr. Arnold. When everything was going well you got $40 a week?

Mr. Peppin. Yes.

Mr. Arnold. That was better pay than you received in the iron ore industry?

Mr. Peppin. Well, it was better in one way. I kind of hoped things would probably turn up to better wages in time, but the war came around, and the depression, and it hurt the stock and they had to shut down.

Mr. Arnold. Are you married and do you have children?

Mr. Peppin. Yes, sir; I have six children.

The Chairman. Their ages?

Mr. Peppin. One is 28. He is married and supports himself. One is 25, I think—something along that, 25—yes, 25, she is married. I have one at home, 23, and one 21, and the girl 17, and the small boy of 9 years.

Mr. Arnold. How did you happen to come to Muskegon?

Mr. Peppin. Well, where we live up there in the Upper Peninsula, it seemed there was no future for the young men that came out of high school. I had a boy, one boy, Theodore, worked for a dry cleaner. He has worked there for very small wages, but for a little expense money is why he worked. The other one couldn't get no work, so the oldest one came down here to Muskegon and he got work.

At the time he told me if I come down there that there was a prospect to get a job and that the other boy might get in, too, and that is why we came to Muskegon. The young man has a better chance for employment.

Mr. Osmers. Is Muskegon a bigger town than the one you left?

Mr. Peppin. It is about four times as large.

Mr. Arnold. And the son you spoke of, who worked in the dry-cleaning establishment, wasn't able because of asthma to work in the mine, according to the report of our staff.

Mr. Peppin. Yes; that is right.

Mr. Arnold. Has that mine work affected your health?

Mr. Peppin. Not very much.

Mr. Arnold. You could still "take it" as well as you could when you were 18?

Mr. Peppin. Well, I wouldn't say for so long a period of time—like in a running race, I wouldn't do that—but I am able to take it for the age as well as anybody else. Didn't affect my health.

Mr. Arnold. But if your family could have been a little better employed in Ishpeming you probably wouldn't be a resident of Muskegon now?

Mr. Peppin. That is right.

Mr. Arnold. When you came to Muskegon did you bring your family with you?

Mr. Peppin. No; they came in about 2 weeks.

Mr. Arnold. And you had a son already employed there?

Mr. Peppin. I had a son employed and the other one got work 3 days after we got there, and I got work a week after.

Mr. Arnold. You found a job without much trouble?

Mr. Peppin. Yes.

Mr. Arnold. Is it in a defense plant?

Mr. Peppin. Well, it is a paper company there. They are not directly defense. I think it is indirect some way.

Mr. Osmers. What are they making, Mr. Peppin?

Mr. Peppin. It is a big paper mill.

Mr. Osmers. What kind of paper?

Mr. Peppin. Well, they practically print—make a lot of varieties. I couldn't say—wrapping paper down to printing paper and such things as that.

Mr. Arnold. What do you earn?

Mr. Peppin. I am earning around $45 a week now.

Mr. Arnold. Did Francis, your son, find work?

Mr. Peppin. Yes.

Mr. Arnold. Do you know whether the firm he is with is engaged in a defense effort?

Mr. Peppin. Yes; it is the Fitzjohn Coach Co.

Mr. Arnold. Then your wife and unmarried children are all living in Muskegon?

Mr. PEPPIN. Yes, sir; we are all living in Muskegon.

Mr. ARNOLD. And the two married children are back in Ishpeming?

Mr. PEPPIN. Yes, sir; Francis, he is married now. He has a new house project—one of the new houses.

Mr. ARNOLD. He is married and lives in a defense project house at Muskegon?

Mr. PEPPIN. Yes.

Mr. ARNOLD. Just recently married?

Mr. PEPPIN. Last Saturday.

Mr. ARNOLD. So you might not be able to keep your family together after all?

Mr. PEPPIN. No; we will try to keep them assembled in the same town as much as possible.

Mr. ARNOLD. In Ishpeming did you rent or did you own your own home?

Mr. PEPPIN. I owned my home.

Mr. ARNOLD. Do you still own it?

Mr. PEPPIN. Yes.

Mr. ARNOLD. You are renting it now?

Mr. PEPPIN. Yes.

Mr. ARNOLD. Do you like living in Muskegon well enough to think you are going to remain there?

Mr. PEPPIN. Well, as long as the work is going to keep on going, I would like to live in Muskegon.

Mr. ARNOLD. Do you think you like to live there well enough so that you will give up your home in Ishpeming?

Mr. PEPPIN. Yes; I figure on selling it.

Mr. ARNOLD. It is for sale now?

Mr. PEPPIN. Yes.

Mr. ARNOLD. How do you like living in Muskegon?

Mr. PEPPIN. Pretty good—very good.

Mr. ARNOLD. Are you satisfactorily located in a residence or apartment?

Mr. PEPPIN. Yes—well, I have—it isn't mine yet, but I have secured a house and paying it on monthly payments at the start. When I rented it, I rented it for 3 months and if I want to buy it I can.

Mr. OSMERS. You have a contract to buy the house?

Mr. PEPPIN. Yes.

Mr. OSMERS. What is the price of the house?

Mr. PEPPIN. $3,800.

Mr. ARNOLD. And is it a modern house?

Mr. PEPPIN. A very modern house.

Mr. ARNOLD. Were you born in this country?

Mr. PEPPIN. Yes, sir; I was born and raised in this country.

Mr. ARNOLD. Were your parents born in this country?

Mr. PEPPIN. My dad came from Canada when he was 12 years old and mother was very young. She was a very young girl when she came across, and always remained. She was raised in Champion, Mich., and that is just a little ways from Ishpeming and my dad was raised in Ishpeming.

Mr. ARNOLD. Have you ever found it necessary during the depression to ask for public assistance?

Mr. PEPPIN. No, sir; we managed to wiggle through.

Mr. Arnold. The going was pretty hard sometimes?

Mr. Peppin. It was kind of tough and that has happened at the time when the wages didn't come so regular at the gold mines and made it all the harder, but with the little we had ahead and our home, we managed to pull through very nicely.

Mr. Osmers. Mr. Chairman, the committee is greatly concerned with what is going to happen after this defense program is over.

Now [to Mr. Peppin] you are making about $45 a week?

Mr. Peppin. Yes.

Mr. Osmers. How does that compare with the wages you have earned all through your life? Is it higher than any you have ever earned?

Mr. Peppin. No. The way it is now my wages are a little lower than what I did have in the Upper Peninsula. The overtime that I am putting in is bringing me my wages.

Mr. Osmers. I am sure the committee would be interested in knowing the answer to this question: If peace came into the world tomorrow, and defense work stopped shortly thereafter in the United States, what would you do? Would you stay in Muskegon or would you go back to Ishpeming?

Mr. Peppin. Well, that would be a question that is kind of hard to answer. I can't say sure what I would do. If I can get work in one place I would go back to Ishpeming. If I couldn't get work in Muskegon I would go back to Ishpeming and secure work probably from the old company for myself. I don't say the boys could probably get in.

Mr. Osmers. It would probably break up the family?

Mr. Peppin. Yes, sir.

Mr. Osmers. One of the boys might go to Illinois, looking for work, and you might go back to Ishpeming, and one might stay in Muskegon, but it would start the family on the move, wouldn't it, because there wouldn't be enough jobs in Muskegon?

Mr. Peppin. That is right, because the people have been coming to Muskegon pretty strong, and like you say, if the defense work stops all at once, it would be pretty crowded with unemployment, so some of the older hands would stay while some of the new hands would have to go around to get a job.

Mr. Osmers. You have mentioned the fact that a lot of people have come into Muskegon recently during this defense boom. Where have they come from, in the main? Are they Michigan people or from out of the State?

Mr. Peppin. Well, I don't know. Not Michigan, altogether. There are licenses from Illinois and from Indiana, at our plant down there.

Mr. Osmers. Do you have any idea what those men were doing in their home States?

Mr. Peppin. No; I don't.

Mr. Osmers. They were attracted there just as you were?

Mr. Peppin. Yes, sir.

Mr. Osmers. You heard there was employment?

Mr. Peppin. Yes, sir. The way I was attracted there most, I had a friend that has been there 10 years that I lived neighbor to, and he has made good going of it with the family that he had to put up with, and that is why I went there too. It was for the young people to get jobs.

Mr. Arnold. I take if from your testimony, Mr. Peppin, that no matter what small wage you make, you try to lay away a little of it?

Mr. Peppin. We do.

Mr. Arnold. And you are planning on doing that now?

Mr. Peppin. Yes.

Mr. Arnold. And you will do it either in the form of a house that you are buying, or maybe if you can save up a little over and above that you will do so?

Mr. Peppin. That is what our plans have always been. We have been married a long time and we have always tried to save a little money. That is one thing we always did. We always have something ahead for the next day.

Mr. Arnold. What we are concerned about is that so many in this Nation, no matter what they are making—and that includes Congressmen as well as anyone else—don't lay up a penny. No matter what they do, they just don't think of the future. We are glad to find one witness who is really thinking ahead to the day when this defense effort may throw him out of a job and he will have to readjust his life to the new economy.

Mr. Peppin. That is what I have been preaching to lots of them. I know we have been talking about these matters and I have heard different points of view, and I always said anybody who is making fair wages now ought to pin some down because things might come when it will be necessary to have a little on hand.

The Chairman. Mr. Peppin, have you purchased any bonds, or do you intend to?

Mr. Peppin. We intend to. Of course, we bought a house and we are trying to do a little bit on that too.

The Chairman. Mr. Peppin, I think you and my colleagues have covered your situation very well, and we thank you very kindly for coming here and testifying.

Mr. Peppin. Well, you are welcome.

The Chairman. Our next witnessess will be Mr. Lovett, Mr. Hall, and Mr. Cahn.

TESTIMONY OF JOHN LOVETT, GENERAL MANAGER, MICHIGAN MANUFACTURERS ASSOCIATION; WILLIS HALL, MANAGER, INDUSTRIAL DEPARTMENT, DETROIT BOARD OF COMMERCE; AND CHESTER A. CAHN, SECRETARY, AUTOMOTIVE TOOL AND DIE MANUFACTURERS, DETROIT, MICH.

Gentlemen, Congressman Osmers will ask you the questions.

Mr. Osmers. Will you please identify yourselves?

Mr. Lovett. John Lovett, general manager, Michigan Manufacturers Association.

Mr. Hall. Willis Hall, head of industrial department, Detroit Board of Commerce.

Mr. Cahn. Chester A. Cahn, secretary, Automotive Tool and Die Manufacturers.

COMPOSITION OF MICHIGAN MANUFACTURERS ASSOCIATION

Mr. OSMERS. Mr. Lovett, how many firms does your association represent?

Mr. LOVETT. About 1,600.

Mr. OSMERS. Are they scattered all over the State of Michigan?

Mr. LOVETT. All over the State.

Mr. OSMERS. Have you made any charts showing how they are distributed among the small, medium, and large manufacturers?

Mr. LOVETT. No; I haven't.

Mr. OSMERS. Well, let me rephrase that. Is your organization made up of all sizes of industrial units?

Mr. LOVETT. All sizes, from employers of probably 15 on up.

Mr. OSMERS. Employers of about 15. Would that be the minimum?

Mr. LOVETT. That is right.

Mr. OSMERS. On up to the largest?

Mr. LOVETT. Ford Motor Co., and Chrysler, and so forth.

Mr. OSMERS. Mr. Lovett, your paper will be entered as a part of the record.

(The paper referred to above is as follows:)

STATEMENT BY JOHN L. LOVETT, GENERAL MANAGER, MICHIGAN MANUFACTURERS ASSOCIATION

Michigan needs primary defense contracts. An increase of 100 percent in the contracts now let here would still leave some capacity.

Michigan is primarily a subcontracting State. Most all of those producers of finished products, in one way or another, obtain parts from subcontractors. The hope of aiding the small manufacturer lies in getting the large manufacturer enough business so that he can subcontract it.

That is also the answer to our labor problems. It appears, from reports received by the Michigan Manufacturers Association, that early in January Michigan faces an unemployment of 115,000 workers. This includes automotive and non-automotive industries.

Priorities still are confusing, slow in coming through and interfering in some cases, causing lay-offs among manufacturers who have defense contracts. I recommend that the survey which the Supply Priorities and Allocation Board seems to have undertaken to find out how much matériel the various defense arms have on hand, be speeded up, that the ability of American industry to fabricate raw materials for the next 6 months be arrived at, and that then the producers of basic materials be allowed to distribute their surplus over defense requirements to civilian uses.

The migration of labor has not become a problem in Michigan as yet. There has been some migration from small cities in rural sections to larger industrial centers. There has been some influx of labor to Detroit and a few other centers from southern States but, generally speaking, the migration of labor at the present time is relatively unimportant.

But what it will be next January, when the full impact of the curtailment of automobile production, and the full impact of priorities upon nonessential industry takes effect, I cannot say. It is probable that there will not be great migration of labor for the reason that the same impact that hits Michigan will hit generally throughout the industrial States of the Union.

IMPORTANCE OF SPEED IN LETTING PRIME CONTRACTS

Michigan's labor problem, therefore, comes back to my opening statement, that of prime contracts.

Prime contracts, if they are to be of value to prevent unemployment and to prevent the impact of priorities on nonessential industries, should be let immediately. It takes time for any manufacturer to tool up to do any kind of defense job. Unquestionably, most Michigan industries could get ready to get into production on any defense items by the end of January. It has been our experience that the War Department is slow in awarding contracts. Billions have been appropriated which have not yet been contracted for. The Army appears to be afraid to freeze its designs. It takes too long from the time a letter of intention is issued by the Office of Production Management until the manufacturer gets working blueprints to use his labor and his facilities.

The system of bidding prevailing in the War Department and the Navy Department works a still greater hardship upon States like Michigan which pay high wages. Obviously, territories which pay lower wages are going to underbid Michigan manufacturers. We have lost several contracts on that basis. The Army Ordnance Bureau suggested at one time that the Nation be zoned into areas of like wages and that bids be taken from these various zones.

I am informed that this proposal was vetoed by the Attorney General who held that the contracts must go to the lowest bidders. Many firms in Michigan have been designated by the Army Ordnance as prime contractors and had been given educational orders. These firms had tooled up and had the tools on hand to make the defense product which the Army Ordnance had planned, but when the bids were taken, it was found that in many cases the contract went to a manufacturer in some other State who had not had an educational order, who had no knowledge and no tools, but whose wage rates were from 30 to 40 cents an hour lower than those of the Michigan manufacturers.

Obviously, it was necessary for this uneducated manufacturer to tool up his shop and get the experience which had already been gained by the Michigan manufacturer through the educational order. Undoubtedly, this procedure has delayed the production of defense material throughout the whole program.

UNUSED PRODUCTION FACILITIES IN MICHIGAN

There are plenty of unused facilities in Michigan for the production of any items used in the defense program. Generally speaking, Michigan is a mass production State. It is a State where its manufacturers and workers are skilled in repetitive operations. That is the kind of prime contracts we want.

The automotive manufacturers have, from the very beginning of the industry, utilized subcontractors. I am advised that the Chyrsler Corporation has around 700 subcontractors on the medium tank contract that it is now producing, and I an advised that the Chrysler Corporation regularly in the production of automobiles buys from about fourteen or fifteen hundred suppliers.

I am also advised that the Ford Motor Co. buys materials from approximately seven thousand suppliers; and that the General Motors Corporation and others of the automobile companies utilize suppliers for a considerable percentage of their finished products.

Therefore, it seems to me that one important solution of Michigan's difficulty lies in utilizing the facilities of the larger manufacturers who, of course, will spread their orders to subcontractors. It is easier for a small manufacturer to work with a prime contractor in his territory than it is for him to take a part of a Government contract directly from the Government. In the first place, the prime contractor has an engineering staff and the facilities for showing the small manufacturer how to make the product. He can give assistance that, if the small manufacturer had to hire it or buy it, would make his prices out of line with what the product could be obtained for on bids.

The prime contractor will assist the small manufacturer in changing over his machinery, and the prime contractor may have certain machines that can fit into the process to complete an operation started by the small manufacturer.

CONVERSION OF SMALL FACTORIES IN LAST WAR

In the last war, the Government experienced a great deal of dissatisfaction in attempting to convert small factories. The most successful combination was the employment of the facilities of the small factories in conjunction with the large contractors. In procurement, too, the small manufacturers would have the assistance of the buyers for the prime contractors.

On the other hand, there are certain small industries in Michigan that have equipment and the skill to complete a contract but it is expensive, in most cases too expensive, for these firms to have representation in Washington. The Defense Contract Service was designed to bring the Government orders close to the manufacturer. My reaction is that, through no fault of the Defense Contract Service, the Government procurement divisions would not let anything but the "cats and dogs," get into the hands of the Defense Contract Service. In looking over the offerings of the Defense Contract Service, in a very cursory way, my conclusion is that many of these things were difficult to obtain in Washington, or the specifications were so uncertain that it was not easy to place a bid for the product. Obviously, the policy of decentralizing procurement of defense items has failed miserably up to date.

Of course, hundreds of thousands of small manufacturers throughout the United States cannot be represented directly in Washington. It, therefore, seems that the easiest solution of the troubles of the small manufacturer lies in seeing that the larger manufacturers have enough business to take up the facilities of the small manufacturer.

ESTIMATES 115,000 UNEMPLOYED IN JANUARY 1942

I have estimated that 115,000 men will be unemployed in Michigan in January. I base this on reports to me from the local chambers of commerce of the industrial cities of Michigan. Their estimates appear to be based upon what will progressively happen if their industries run out of materials and, further, upon the studies that have been made of industry by the Michigan Unemployment Compensation Commission. The problem of labor and its employment in the defense industries is one requiring study and considerable experimentation. The manufacture of defense items is, generally speaking, a precision job. The production of aircraft engines and instruments is a highly skilled occupation. There are large numbers of workers in Michigan industries who have been what we call semiskilled workers. They operate machines which have been set up and which are maintained by other men. Other men are employed upon assembly lines. Training programs can be used to retrain the younger employees for defense work. My concern is with those men who have spent many years in these industries and who have reached the age where it is difficult for them to undertake to learn precision work. These are the men with seniority and will be the men, of course, last laid off in the motorcar industry. But whether they can be utilized in the defense industry is still a matter to be determined.

The big demand, if Michigan facilities are utilized to anywhere near capacity, will be for a large number of highly skilled workers. These men are not immediately available, and the big shortage in the United States, as well as Michigan, when and if the industrial facilities of the Nation are utilized, will be for highly skilled workers. Michigan has a number of training programs in operation, both in industry and in the schools.

I am attaching herewith excerpts from reports made to me by executives of different chambers of commerce in Michigan on what the situation is in their communities. I might say that these reports are in reply to a letter prepared by Mr. John W. Abbott of your committee's staff, as to information desired by your committee for these hearings. I think they are fairly accurate pictures of the conditions in the cities from which they are received. In some cases the report covers the county as well as the city.

(The material referred to above is as follows:)

EXHIBIT A.—EXCERPTS FROM REPORTS OF MICHIGAN CHAMBER OF COMMERCE

MIDLAND

Midland is the home of the Dow Chemical Co., the largest employer in this district. Over 80 percent of the labor is unskilled and the supply has been sufficient in Midland and the surrounding area. (This may not be true at the Dowmetal Foundry in Bay City.) The Austin Co., a construction firm erecting a chemical warfare plant for the Government at Dow, find it difficult to secure skilled labor and have brought in people from all over the country.

This influx of people is this defense area has created a housing problem that is not alleviated by the establishment of a homes registration office at the chamber of commerce. Considerable private building continues but it is inadequate.

There are several smaller concerns, such as the Roland P. Place Manufacturing Co. making plastics, and the Midland Machine & Manufacturing Co.I have contacted both and neither seemed unduly concerned over lack of materials, etc. The latter concern at the present time is working on about 95 percent defense orders for the Austin Co. and the Dow Chemical Co. They are not at full capacity but have a subcontract in view which will bring them up to full production.

The picture in Midland doesn't seem to be a bad one. With Dow, considered as the number 1 defense plant of the country, the largest manufacturer and accounting for employment of between 4,000 and 5,000 people in a city of approximately 11,000, there shouldn't be much unemployment in the immediate future.

BAY CITY

Insofar as can be determined, based on announcements made to date, the total of primary contracts for national defense work here is estimated at $25,000,000. Since figures are seldom disclosed on secondary contracts, we do not know what these would amount to locally; although it is possible they might range from $5,000,000 to $10,000,000.

The employment statistics you requested follow (these are actual figures reported to us by all local plants employing 10 or more people):

	1937	1938	1939	1940	1941
January	7, 147	5, 225	7, 541	7, 639	8. 957
February	8, 662	5, 202	7, 173	8, 657	9, 232
March	7, 738	5, 073	7, 205	7, 708	9, 518
April	7, 849	4, 998	7, 007	7, 081	9, 601
May	7, 900	5, 121	7, 403	7, 171	9, 575
June	8, 226	5, 742	7, 094	7, 415	9, 882
July	8, 871	5, 719	5, 909	6, 185	10, 105
August	8, 897	5, 259	6, 154	7, 558	9, 668
September	9, 588	6, 142	8, 045	8, 699	------------
October	9, 266	7, 891	8, 281	9, 384	------------
November	8, 539	8, 187	7, 898	9, 681	------------
December	6, 292	7, 723	7, 956	9, 467	------------

As of September 1, there were only 79 families on direct relief in Bay City. Nothing could better reflect the policy of Bay City manufacturers of hiring local labor.

Local manufacturers have not yet found it necessary to import large numbers of skilled, semiskilled, and unskilled factory workers. They have, however, in certain instances, found it necessary to draw on the rural areas of the "thumb" district and northern Michigan for employees. Many, if not most, of these employees live within a radius of Bay City, which makes it possible for them to drive back and forth to work.

For the most part, Bay City is a metal industries town.

Wherever they find it necessary to do so, plant operators are sponsoring "training within industry" programs.

It is estimated that 400 new houses will be either started or completed in the Bay City area this year.

Although Bay City's housing situation is considered tight, it is by no means desperate; and unless future months bring a much greater influx of defense workers than we have had to date, it is thought improbable that there will be a need for construction of so-called Government housing units. This chamber is, however, attempting to encourage more and more privately sponsored residential construction, in an effort to improve the quality and quantity of lower- and medium-cost housing. (Our vacancy ratio, according to a Work Projects Administration survey reported March 17, 1941, was 1.5 percent, of which 0.7 percent was considered habitable. For details see Work Projects Administration survey No. A2274.)

YPSILANTI

So far we haven't been hurt, but we are plenty scared. Our two largest plants, the Central Specialty Co. and the United Stove Co., have not as yet been able to get any defense business and because of the shortage of materials are going to be in trouble very soon. These plants employ 1,600 men; practically every other plant in town is going to be similarly affected. Our manufacturers feel fairly sure of their supplies up to December 1, if nothing goes wrong in the meantime. Beyond that it is pretty much of a blank wall.

We do have some defense business, but it is negligible from the standpoint of keeping men at work, and, of course, you know that the bomber-plant operation is not going to absorb many men for months to come. They hope to be in full production by next June.

The interesting angle to all this is that our men are working hard to get defense business. In fact, we are one of the few towns in the whole country where we have established a pool and where our manufacturers are willing to take business which two or more of them might handle jointly. They have enaged a William Paxton, of Detroit, to represent them with all Government purchasing agencies.

Our set-up, including a complete inventory of all our equipment, has gone to all big prime contractors, Government departments, and Office of Production Management officials who have to do with the distribution of Government orders. Through this consolidation of manufacturers our fellows are spending real money, time, and effort to get business. They have been doing this for 2 months because of the realization that their nondefense business was being threatened and they would have to have defense business to keep their plants running. They have been anything but asleep, but as yet have been unable to get any substantial amount of business.

We are going to point out some of the unbelievable experiences that our little group is having in submitting bids. For instance, one of our manufacturers was second low on an order of materials. His bid was $76,000 and the low bid was $24,000. Yesterday at our regular weekly meeting when we were going over specifications and blue prints as we do each Thursday noon, we learned that the low bidder down in Georgia got the business. Our manufacturer figured that they couldn't even furnish the material for $24,000. We just couldn't figure that one out.

MANISTIQUE

The situation, as far as local manufacturers is concerned, is beginning to be quite serious.

Our industries here are mostly wood products and stone. They have little or no trouble in securing their primary raw materials, but they are definitely delayed in securing repair parts and machinery.

The Manistique Pulp & Paper Co. is having trouble with priority in regard to the purchase of screens, electrical motors, and repair parts, and, if some improvement is not made in the near future, it may be necessary for this plant to shut down.

KALAMAZOO

We get from our power company the record of meter settings due to new families coming here and meter take-outs due to families moving from here. This data does not cover apartments but it can be presumed that they will run parallel to individual homes. The new meter settings from January 1 were 465 and the take outs were 350. I haven't taken the trouble to count up a year like 1937, but from our office familiarity, I would say that the above figures are just about like they were in 1937. There has been no bulk migration of labor into Kalamazoo or out of Kalamazoo.

Now as to defense employment unemployment. Late in July I canvassed all of the nonpaper companies in town that I suspected might have a chance of having any defense business. I asked for portion of man-hours allocated to primary or subcontracts, total employment in July, and total employment the year previous. The summary of this canvass is that there were 20 firms that had from a little to quite a bit of defense business; that they had 1,800 employees, or the equivalent thereof, on defense; that 800 of these represented increase of employment and 1,200 made over from civil to defense; and the total amount of labor in this city, industrially, is somewhere 10 to 12 percent on defense. However, this does not take into account the offsets in nondefense industries showing a decline and with severe declines apparently threatened. The all-over condition is, for the moment, that our city's business activity compares with what it might be in any good business year. That is, if national business conditions were good regardless of defense, we would be as we are now without any help from defense locally.

The figures on awards of primary contracts to Michigan cities show that we are the lowest industrial city in the State with primary contract awards equivalent to about $6 per capita considering our metropolitan area. We only have about a half a dozen firms who are sufficiently well anchored with banks of good machine tools capable of close tolerances to have much chance at defense contracts. I don't believe that their activity can overcome the shrinkage in industries not equipped sufficiently with the right machine tools.

To prophesy what the unemployment will be if priorities are severely enforced against nondefense industries, is hard guessing. But, for instance, if home-heating units are not to be built, there will be about 1,300 men laid off, most of them skilled. If water-and-gas heater units are cut to 50 percent, 175 men will be laid off. Then add 100 percent to these figures for the lay-off of branch salesmen throughout the several States. There are a whole lot of small shops and service and retail establishments that are certainly due to be affected but I don't know how to count up the result on a volume basis.

As to housing—our housing is all full but this year and for several years we have had a fine program of home building on the individual basis and it has just about kept up with its job. A larger program of housing may be needed but I don't think so, not with the threat of unemployment in the nondefense industries and the extremely high income taxes that are going to make some people owning homes on a shoestring throw up their contracts.

For the time being, the administration is pursuing a program of throwing nondefense out the window. Likely, that will go on for about 6 months until the pressure of labor, namely union labor, sets up a howl that convinces the administration that it had better get on the big side again and then it will level off to something reasonable. But meantime, we will have had a nice mess in which the theorists have had a good time.

GRAND RAPIDS

Returns from Grand Rapids manufacturing firms, numbering 74, received in response to a form questionnaire mailed by the Grand Rapids Association of Commerce, reveal the following facts:

1. That of the 74 firms reporting (including 41 metalworking, 17 woodworking and furniture manufacturing, and 16 miscellaneous firms) 44 firms sought national-defense contracts and of these 44, a total of 17 firms were awarded prime contracts totaling $9,661,750 and 20 firms were given subcontracts amounting to $4,315,570; a total of $13,877,320 in prime and subcontracts.
2. That employment in these 74 firms now is 15,545 hands, compared with 14,917 as of last January 1.
3. That there are shortages of many materials now handicapping these firms, ranging from a small percentage to 100 percent.
4. That while probably less than 700 men have been laid off to date, due to lack of materials, over 3,300 are threatened with loss of employment within the next 30 to 60 days, due to this cause.

Following is a break-down of study of the reports of the 74 firms by classification:

Metalworking.—Employment: 11,082 currently compared with 10,946 on January 1. Number of these firms seeking defense contracts, 29. Total value of 12 prime contracts received, $9,538,250. Some firms are just starting on these contracts; others have completed them or are in various stages of completion. Total value of 18 subcontracts received, $4,215,070. Plant facilities engaged by 21 metal firms reporting average about 47 percent (for defense contracts) and range from 1 percent to 100 percent.

Thirty-one metal industries reported material lacks ranging from small percentage to 100 percent (as in case of aluminum). Materials in which there are shortages are: Steel, toluol, ethyl acetate, linter cotton, manganese briquets, nickel anodes, rod, tube, and sheet steel, strip and bar steel, galvanized mesh, alloys, pig iron, bronze, saw steel, brass, bronze, rubber, cadmium, ball bearings, rolled shapes, heater controls, steel billets, carbon steel, tool steel, zinc, wire-bound boxes, iron castings, nickel chloride, copper sulphate, hardware, locks, chair irons, macarta schutes, chrome, tungsten, vent fans, and exhaust fans.

No unemployment was noted in 32 plants reporting. One plant (Jarvis Co.) stated "several hundred (laid off) in 2 to 4 months." That company has no defense orders. Another reported 50 percent of force laid off, but this figure is not clear as company also reports 1,100 now employed compared with 1,400 of last January 1 (Winters & Crampton Corporation).

About 3,100 anticipated lay-offs in next 30 days or 3 months.

Woodworking and furniture.—Seventeen woodworking and furniture manufacturing plants reported 1,291 employees at present, compared with 1,169 last January 1. Seven sought defense contracts, but only 1 received any and that for only $1,500 (Wadell Mfg. Co.).

No unemployment is reported to date and only shortage of material is a 30-percent lumber shortage reported by one company (G. R. Dinette Co.).

No definite statements were made as to anticipated unemployment.

Miscellaneous manufacturers.—Sixteen miscellaneous manufacturers reported employment of 3,172 persons now compared with 2,802 as of January 1. Eight of these firms sought defense contracts. Total direct contracts received (by 4 firms), $366,800. Total subcontracts (by 2 firms), $100,000. Note: One large company (Corduroy Rubber) reports that 10 percent of its business is on subcontract work; it does not state dollar volume of these subcontracts. Outside of that company, only a small percentage of facilities of these firms used in defense production.

One large company (Globe Knitting Works) reported its silk supply only 5 percent of normal production. Other shortages reported were for board, castor oil, methanol, alcohol, lacquer solvents, acetone, albone, resins, and chemicals, percentages running as high as 100 percent in cases of methanol, resins, and acetone.

Reports on current unemployment vague; one firm reported 75 laid off for 2 weeks; another said "some laid off during August."

In the matter of anticipated unemployment Corduroy Rubber, employing 698 on January 1 and 659 to date, anticipated 200 hands lay-off in November and December; G. R. Varnish Corporation employing 136 on January 1, and 160 at present, stated 10 percent lay-off anticipated. Others stated they were unable to guess.

ALPENA

We wish it were possible to contribute something to the hearing, but at present most of our local industries are "pretty well set."

You know the Alpena picture, and, of course, are aware of the fact the bulk of our industry is centered in the limestone and cement brackets. With one possible exception, all of our other plants have been able to pick up subcontracts wherein the prime contractor is seeing to it that he obtains the materials needed.

We anticipate a day, not too far in the future, when our situation will be more acute than at the present time. Right now, the only situation we have at present from the local standpoint has to do with a small foundry whose principal trouble is financing rather than the lack of work.

SAULT STE. MARIE

The only one in our district is the Rudyard Block & Toy Factory. I understand that they are not able to secure steel disks and therefore will not be able to continue operation. They do have a lot of orders and this will really be a disaster to Rudyard as it is the only plant they have.

HOLLAND

It appears that, as yet, none of our industries has suffered to any marked degree for want of material needed in their manufacture. There has been and still is some delay, and it is anticipated that the condition will probably be more pronounced in the near future. The seriousness of this is well appreciated by all. However, no definite remedy has been presented.

SAGINAW

We estimate a total of 1,000 employees will be required on contracts now awarded when new plants and additions are completed and equipped, but we also estimate that curtailment of passenger-car production will lay off at least 2,000 present employees.

There has been no migration in this vicinity except in the beet fields. Lack of priorities has already reduced employment in some of our woodworking plants, particularly among trailer manufacturers.

OWOSSO

Inasmuch as only three industries in Owosso have any defense contracts, it is estimated that a good many of our factories will be in a very serious position the first of the year.

Our largest industry, the Owosso Metal Industries, is now doing some subcontracts and is going after other orders. However, they have informed us that if they are not given more defense work, they will be forced to shut down January 1. This will throw approximately 2,000 employees out of work, or half of our entire industrial pay roll.

We only have one industry here, the H. L. Hartley Machine Co., which is doing any appreciable amount of defense work and we don't believe that they will be affected. However, the rest of the list are in the same position as the Owosso Metal Industries.

ST. JOSEPH

The following information which is not detailed, reflects our situation.

To begin with, St. Joseph has a hosiery-knitting mill which has now laid off about 50 percent on account of the fact that their stock of silk (which was presumed to be enough to last a full year) has been frozen by Government order. Things look dark indeed in this spot.

We have a large washing machine manufacturing establishment which is very near to that time when they will be obliged to curtail and add to the unemployment because of priorities on aluminum, steel, rubber, etc.

Many of our other smaller industries, one in point, a manufacturer of sheet-metal signs, find themselves in a bad way on obtaining steel.

The picture is very discouraging. Recently one of the labor organizations of the city has gone on record against these shut-downs and the thing which is causing them and is endeavoring at this time to secure cooperation from all interested parties.

SEBEWAING

As you no doubt are aware, we are located in an area which is primarily concerned with agricultural problems; however, we find that everyone is more or less concerned with the present state of affairs as it refers to priorities. The merchant finds ever increasing difficulty in obtaining merchandise due to the priority limitations; the service man serving farm equipment encounters difficulties also. I have in mind a shop doing extensive business in repairing farm equipment. The operator advises that he is having difficulty in obtaining metals for welding due to the fact that his work is not of a defense nature, however essential to agricultural production. We have an industry which for the past 6 months has been encountering tremendous difficulty in getting the die work and materials to facilitate their starting production on electrical connections primarily in use for autos and aircraft. The manager has advised me that he has been unable to accept any orders for their product because of the fact he is unable to get this material and unless concerns of this kind are given an opportunity to complete their tooling they will be obliged to fold up and discontinue business. We had placed great hopes in this venture for it meant the employment of upward of 50 or 100 people. The equipment which they have already installed would make them ideal for defense work if they were allowed to get under way.

This exemplifies the hardships placed on the Michigan manufacturers which we believe is entirely unnecessary and which as a whole will react unfavorably on the defense set-up.

We have a tool and die plant here, the manager and owner of which advises that they are booked up with defense orders for the next 6 or 8 months to capacity. He is operating under priorities of the highest type, manufacturing tools and dies for airplane parts. He advises that even though he has priority numbers, his production is being held up from 6 to 8 weeks due to the lack of materials which he has been assured receiving under his priority numbers. It seems to me that a case of this kind should require urgent attention that when a manufacturer enters into a proposition 100 percent devoting his entire production to defense work he should be entitled to the cooperation of the Priority Board and given every possible assistance in obtaining the material desired.

IONIA

Ionia Desk Co.: About 85 percent of their business is priority business and they plan a 50-percent increase; no shortage of materials as yet and no labor shortage.

Ypsilanti Reed Furniture Co.: About 40 percent of their business is on defense contracts; no material trouble except obtaining shipping paper; no shortage of labor.

Other Ionia industrials are not on defense contracts, only commercial and have no labor shortage.

Belding Foundry Co.—Some material hard to obtain; zlso a scarcity of trained mechanics; some have moved to defense work cities.

Metal Glass Products Co. (Belding): Commercial business will last but a month or two; have created a defense department and have some direct contracts and some subcontracts.

Extruded Metal Co. (Belding): On defense work 24 hours a day and 6 days a week because of brass and aluminum priorities; no labor shortage.

Lake Odessa Tool & Die Co.: Have no priority number as yet; have had some subcontract work making dies for gas masks. Skilled labor hard to get.

CLARE

Although our industrial activities are somewhat limited we are very much aware of the problem and anxious that steps be taken to help the situation.

The Martin Loomis Machine Shop and the Northern Machine Shop are really the only two Clare concerns using a considerable amount of metal and are therefore experiencing the greatest difficulty.

In the case of the Loomis shop, some defense work has been obtained through another concern which means that they cannot use a priority number and cannot obtain necessary material for their work which includes a considerable amount in connection with the oil producing companies operating in this area. Their work which is therefore important in national defense in that the industry which they serve is important, is hindered through lack of materials.

The Northern Machine Shop services farm machinery of all kinds and manufactures a road leveler. The first service will become increasingly important as it becomes more difficult to replace farm machinery. This concern is having real difficulty in obtaining materials.

We fully understand the necessity of diverting a great quantity of materials for defense work but believe that it is equally important to assure that industries who do not have priorities or defense contracts should be helped in some way to be able to continue in operation.

JACKSON

Regarding the amount of primary defense contracts and subcontracts in Jackson. We made a survey a short time ago and found there was approximately $22,000,000 worth of defense work in Jackson. There are a few companies practically 100 percent in defense work. These include Hayes Industries, Kelsey Hayes Co., Lefers Forge & Machine Co., Jackson Motorshaft, Jackson Bumber Division.

Estimates from local manufacturers in Jackson show that the increase in employment resulting from defense program is from 50 to 60 percent. As near as I can learn, there has been very little migration of labor either into or from Jackson because of publicity in the papers regarding defense contracts. We have of course, receive some increase in population which includes Army inspectors, special engineering personnel and some foreign labor and a few skilled mechanics from the smaller surounding towns. I also might add we have lost a few of our skilled mechanics to Detroit, Pontiac, and Lansing defense work.

Regarding the effect of priorities in Jackson, practically all of our plants have been able to obtain material thus far. Some of our smaller plants have been pinched in trying to obtain priority extensions but as a whole material shortages have affected the production in Jackson very little.

I feel I would be safe in saying that few would move out of Jackson if they were dislocated from the automobile industry, as many own their own homes here. There are fewer people on the unemployment lists now than in some years and, as a whole, I would say defense work has been an improvement for business conditions.

PONTIAC

What the automobile production curtailment will mean to Pontiac plants.

American Forge & Socket Co. (Mr. Hawke): "It will hit us very hard." This cut would mean a 99 percent curtailment in production. About 5 percent of their men are skilled workers, that would be about all that would be able to work on defense work without training. They are trying to get defense contracts but are not having much success. Present defense contracts are subcontracts for seatbacks for Army trucks for Chrysler Corporation. Present employment 209.

Baldwin Rubber Co. (Mr. Shephard): Their employment would follow production cut almost exactly. If production was cut 20 percent their employment would fall off about 20 percent. Nearly all of their men are skilled laborers and would be able to work on defense work. They are bidding on defense contracts almost continuously trying to get them. Their present defense work consists of making the rubber parts for the G. M. T. Army trucks. Present employment 445.

Jig Bushing Co. (Mr. Briney, Jr.): Automobile curtailment wouldn't affect their production much now. Their work is mostly defense orders. They train their men themselves—about 55 percent of them are now skilled laborers. Defense orders are all subcontracts making bushings and valve sockets for airplane motors. Will probably have more defense contracts but at present are behind on orders, have more than they can take care of for a while. Present employment 118.

Pontiac Pattern & Engineering Co. (Mr. Albert Weber): Cut in automobile production would cut their employment about 5 percent. Most of their men are skilled. Only defense work is subcontract work making aluminum and bronze castings. Expect to have more defense contracts. Present employment 35.

Pontiac Appliance Co. (Mr. Victor Nelson): About 10 percent curtailment would take place if automobile production is cut. Eighty percent of the men are skilled workers and are doing defense work. About 80 percent of the work is defense contracts. They expect to have more. They make steel spinnings and stampings. Present employment 67.

Universal Oil Seal Co. (Mr. Victor Nelson): About 10 percent of the men would be unemployed due to the automobile production cut. Eighty percent of the men are skilled workers and are doing defense work. About 80 percent of the work is defense contracts. Expect to have more. Make oil seals for trucks, tanks, airplanes, and Navy. Present employment 85.

Wilson Foundry & Machine Co. (Mr. Leonard): Employment would be cut approximately 50 percent at the automobile production cut. Twenty-five percent of the men are skilled and are able to work on defense work. Are trying to get more defense contracts, have some now. They do machine and foundry work and Navy and Ordnance work. Present employment 480.

Pontiac Varnish Co. (Mr. Hutchins, Sr.): Employment would be greatly affected by automobile production cut. Didn't know exactly how much but he said a great deal. Seventy-five percent of the men working down there are skilled laborers and are working on defense work. Defense work comes in subcontracts. Have been trying to get more defense work but have been unable. Would like very much to have more of this work. Present employment 40.

Average monthly employment

	1937	1938	1939	1940	1941
January	16,018	11,592	14,362	15,886	22,478
February	11,331	11,174	14,775	16,181	23,424
March	23,910	9,878	14,518	15,951	24,010
April	23,881	9,108	13,676	16,813	23,987
May	23,922	8,858	13,467	17,885	23,525
June	24,509	6,892	11,242	16,953	23,771
July	24,156	6,362	5,977	11,334	23,035
August	20,448	5,792	8,234	17,572	15,058
September	22,013	8,926	13,227	19,584	--------
October	22,497	11,001	14,313	21,667	--------
November	19,630	14,873	15,542	23,380	--------
December	18,172	15,054	16,167	24,016	--------

NILES

This report will give you a very good cross section of the situation that confronts this area. In making up this survey I have used numbers. I will give you, herewith, the names of the concerns as numbered on report.

1. Niles Cabinet Co.
2. Niles Metalcraft Co.
3. Niles Steel Tank Co.
4. Tyler Fixture Corporation.
5. French Paper Co.
6. Garden City Fan Co.
7. Kawneer Co.
8. Michigan Mushroom Co.
9. Michigan Wire Goods Co.
10. Mid-West Metal Products Co.
11. United States Aviex Corporation.
12. National Standard Co.

In summing up this report, I will endeavor to give you a little additional information. In the Niles area the Kawneer Co. will release 50 men by the end of the year due to lack of materials. The Niles Steel Tank Co. has orders sufficient to keep them operating at capacity but are unable to get delivery on steel. They expect to be entirely out of material by October 15 at which time if steel deliveries are not made they will have to close their plant, releasing 28 welders and helpers, sheet-metal workers and lay-out men. The Michigan Wire Goods Co. expect to lay off 8 punch-press operators within 30 days due to lack of materials. The Niles Metalcraft have only a few days supply on hand and will be required to let 11 men go.

The over-all attitude of industrialists in this area is one of extreme uncertainty. They are all doing everything that they know of to procure defense contracts thus keeping their plants operating and their personnel intact. It is estimated by Mr. Walter Sorenson, president of the U. W. A.—A. F. of L. that the various industrial plants in Niles have lost approximately 300 workers in defense industries to South Bend and Buchanan with a few going to Berrien Springs. It is estimated that about 1,500 men living in this area are employed in South Bend and Buchanan.

Mr. Horst, personnel director of the Kawneer Co., states that in his opinion the loss of workers to outside concerns is due to uncertainty (60%) and wages (40%). One reason for the latter si the fact that our industries do not have the type of work that commands the high wage scale.

The Niles situation is far from encouraging and it is my opinion that assistance must come from the priority division in releasing some material for consumer consumption. If this does not happen we are going to have a very serious unemployment situation in Niles and this area. We must have either the release of materials for consumer consumption or the allocation of subcontracts, so that they can be more evenly spread among small manufacturers to keep their men at work.

A wide spread of unemployment in industry would create a bad morale condition in other lines of business. It will surely have a bad effect upon the sale of defense savings stamps and bonds and will create untold hardships.

REPORT ON 12 NILES, MICH., INDUSTRIES

1. A woodworking plant manufacturing radio cabinets and occasional furniture. Fifty-eight employees. Have not been affected by material shortage or priorities as yet. However, report that glue situation is getting bad. Have no defense orders, but would like some. Equipped only for woodworking.

2. A metal stamping plant equipped with cadmium plating facilities producing rubber mops and household specialties. Twelve employees. Must have sheet steel in coils or strips and sheet rubber. Have on hand 2-day supply of rubber and approximately 60-day supply of steel. Have been trying to get subcontracts, but have failed so far. Must have material for consumer goods or subcontracts, or will have to close the doors.

3. A plant manufacturing steel tanks and tank equipment. Thirty-two employees. Production about 30 percent on defense orders. There difficulty has been in getting priorities from customers in time to replace their present stock of raw material or get new material. Have tried hard to get subcontracts, have listed with 5,000 prime contractors but cannot get enough to keep plant operating. Regular consumer business would require about 100 tons per month of hot-roll steel sheets and bars.

4. Plant manufacturing steel displays and storage equipment for food stores. Three hundred and nineteen employees. Ten percent defense production on food-storage equipment. Are badly in need of material for consumer business. Estimate requirements—20,000 pounds black-sheet steel, 30,000 pounds galvanic-sheet steel, 8,000 pounds stainless-sheet steel, 100,000 pounds vitreous-sheet steel, 10,000 board feet hardwood framing, 150,000 board feet soft lumber for crating, 1½ carloads of crystal and plate glass. The above estimate is for 1 month's production for normal capacity. Must have the above material for consumer business or sufficient subcontracts to keep plant on 40-hour basis or unemployment must result.

5. A paper mill manufacturing printer bond, mimeographed bond papers. One hundred and thirty-three employees. Twenty-five percent production on printing paper for Government printing department. The only shortage this concern is experiencing is in steel banding for packing and shipping purposes. Also some delay in getting chemicals used in manufacture of paper. However, they state that a shortage in pulp and chemicals would materially reduce their employment.

6. A plant manufacturing fan-blower apparatus for industrial application. Fifty-five employees. This concern is on 90-percent defense production basis on subcontracts. Have plenty priority numbers but having trouble getting material from mills and foundries, particularly stainless steel, which curtails employment and production.

7. This concern manufactures store fronts, windows, doors, automobile and aviation parts. Five hundred and fifty employees. Working 30-percent defense subcontracts. Looking for more. Have priorities on material to take care of defense subcontracts but consumer business is suffering. Must have more subcontracts or aluminum and steel for consumer business or must curtail employment.

8. This concern grows and cans food products. Have no Government orders at present time, are having considerable difficulty in securing cartons for shipping consumer products.

9. This concern manufacturers a line of wire and steel specialties. Forty-seven employees. This concern has a well equipped stamping plant, excellent toolroom for making dies, bending jigs and fixtures. They have no defense contracts at present; are endeavoring to secure defense work. To keep plant on consumer production of 40-hour workweek must have approximately 30 tons of round basic wire and flat steel wire and 10,000 corrugated shipping cartons per month or subcontracts carrying priorities to keep plant open.

10. This concern is a well equipped small stamping plant with complete toolroom. Twelve employees. This concern has registered with O. P. M. offices at Detroit and Chicago and has submitted application for subcontracts with hundreds of prime contractors but to date have been unable to secure any subcontracts. Must have either subcontracts or material to carry on regular consumer business or will have to lock the doors.

11. This concern are oil blenders. Fifteen direct employees, 160 distributors affected. About 30 percent of their business is being sold to United States Government through distributors located all over the United States. They are unable to get steel drums to ship product in. Their requirements are as follows: 15 to 20 drums of following sizes per month—55, 30, and 15 gallon capacities; also approximately 100 5-gallon drums per month. This concern had on hand 5 orders from United States Government at the time of contact with them. They were unable to ship because of shortage of shipping containers. Have made application for priority numbers at Chicago and Washington but as yet have had no results.

12. This concern are manufacturers of woven-wire products. One hundred and ninety-two employees. They are doing 70 percent on subcontracts defense production. Need more defense production or material such as steel sheet, bar steel, and maintenance items to continue in part on consumers' production or unemployment will result.

GRAND HAVEN

We only have one plant acting on direct orders from the Navy which is running at full capacity. The rest of our industries are acting as subcontractors or are doing only civilian production.

We have approximately 7 plants working on direct civilian production and doing no defense work. The total employed in these plants will run between 400 and 500 people. Their situation is serious and small lay-offs are already being made which will increase as their inventories reduce. From 2 to 3 months will clean out the inventories of practically all of these plants.

A number of the factories are only part on defense work and this in a very small volume. They, too, will be faced with laying off men unless they can secure additional defense work.

Our manufacturers and the Chamber of Commerce have made every effort to relieve this situation. We have been to Washington, Detroit, and Chicago calling upon the Office of Production Management and upon many prime manufacturers. To date we have had no success.

The majority of our small plants are in the stamping business. They can look forward to very little relief as far as defense work is concerned, as many of the prime manufacturers have idle stamping equipment. They naturally will not farm out any work when their equipment is idle.

After 4 months' experience with the subcontractor problem our deduction is that Congress should pass some regulation forcing the large prime manufacturers who have tremendous amounts of materials stored up to release them. Secondly, that a more efficient system be developed by the Office of Production Management in getting out information of work wanted by the various departments of the Government and the large contractors in order that the small manufacturer can receive notice of these bids in time to bid on the work.

In many instances we have received requests for bids on defense work after the bid has been let. In the majority of cases we receive requests for bids only a day or two before the date the bid is to be let. This does not give the small manufacturer time to figure his cost nor contact his suppliers and so forth. Another point is that the delivery date should be based upon when the manufacturer receives his material and not on the date specified in the bid. In many cases the manufacturer will bid thinking that he will secure the material and then he finds that he cannot get as early or prompt delivery as anticipated or promised.

The writer sent a plea to Governor Van Wagoner for relief on this situation and in doing so made an observation to this effect: "Why should there be so much confusion in the subcontract work when it has been operated for the last 25 years by the large manufacturers? Our automobiles, radios, refrigerators, washing machines, and so forth are all built under the subcontract system, so it is hard to understand why there is so much confusion now."

MUSKEGON

There has been considerable migration of labor into Greater Muskegon from the area within a radius of about 60 miles, but the migration from outstate and from other States has been very negligible. Employment in our greater Muskegon industries was, according to our monthly survey made in August, the largest in our history. The previous peak was 18,200 reached in 1937 and in August of this year it was approximately 22,600. This, of course, is only industrial employment.

Of this number I would estimate 1,500 as coming in from out-of-town, but not more than 200 or 250 have come in from places outside of this 60-mile area.

When your letter came to us we had in process a questionnaire endeavoring to determine from our local industries, as well as from other western Michigan industries, members of our West Michigan Legislative Council, just how they were affected by this defense production program. Our local industries responded fairly well, about 80 percent of them answering the questionnaire, which is a very goodly percentage. Sixteen of the west Michigan legislative group outside of Muskegon also answered.

We are giving you a compilation of the answers received. The figure for amount of contracts awarded is taken from the figures we receive from the Detroit office of Office of Production Management. We have no figures for the plants outside of Greater Muskegon. The bulk of the Muskegon contracts went, of course, to the Continental Motors. We understand that they have approximately $90,000,000 in contracts, but a large portion of this is being taken care of in the Detroit plant. They are, therefore, not included in our figures. We understand that another large industry here has just been awarded a contract totaling about $3,000,000, but this is not included as the actual contract has not yet been received.

We are rather surprised at the small number of plants who believe that their employment will be reduced because of lack of material. Apparently many of these have not yet come to a realization of the seriousness of this situation.

COMPILATION OF ANSWERS TO QUESTIONNAIRES SENT TO GREATER MUSKEGON INDUSTRIES ON EFFECT OF DEFENSE PRODUCTION

Number of plants answering questionnaire	41
Number of employees Sept. 1, 1941	18, 160
Number of employees June 1, 1941	18, 600
Number employed Sept. 1 by those reporting reductions in employment	8, 695
Number employed June 1 by those reporting reductions in employment	9, 906
Percent reduction in plants reporting reduction in employment	12. 2
Amount of prime contracts in hands of local contractors	$42, 999, 305
Number producing defense materials	31
Number of prime contractors	10
Number of subcontractors	24

Percent of defense production to total production:

0 to 25 percent	7	51 to 75 percent	9
26 to 50 percent	8	76 to 100 percent	7

QUESTIONS AND ANSWERS

If not now producing defense materials have you tried to obtain contracts? Yes, 9. No, 1.

From what sources have you tried to obtain such business?

Army	6	Regular customers	8
Navy	6	Other sources	6
Defense contract service	9		

Are you experiencing any difficulty in obtaining—

Raw material? Contractors, yes, 25. Noncontractors, yes, 8.
Equipment? Contractors, yes, 18. Noncontractors, yes, 8.
Tools? Contractors, yes, 21. Noncontractors, yes, 9.
Other supplies? Contractors, yes, 18. Noncontractors, yes, 10.

Have you found it necessary to reduce your working force because of inability to obtain above items? Yes, 7. No, 34.

If so, how much? Two, 10 percent. One, 11 percent. Two, 20 percent. One, 50 percent.

Have you found it necessary to reduce hours per week because of such shortages? Yes, 5. No, 33. No answer, 3.

If so, how much? Four, 8 hours. One, 6 hours. One, 10 hours.

Do you anticipate further reductions in working force because of inability to obtain material or equipment? Yes, 19. No, 12. No answer, 6.

Do you anticipate future reduction in hours because of such shortages? Yes, 18. No, 7. Don't know, 5. No answer, 11.

Could your plant be converted to production of materials other than your regular line? Yes, 14. No, 16. Doubtful, 11.

If so, would you be willing to convert it realizing that it might affect your normal business? Yes, 14. No, 5. Depends, 8. No answer, 13.

Number affected by priorities on following commodities.

Commodity	Affected by	Trouble obtaining	Commodity	Affected by	Trouble obtaining
Aluminum	18	15	Steel—general	30	22
Borax and boric acid	5	3	Machine tools	24	19
Calcium—silicon	3	2	Magnesium	1	1
Chlorine	2	1	Neoprene	5	3
Chromium	9	5	Nickel	12	7
Copper	12	7	Rubber	12	5
Cork	3	2	Silk	1	1
Formaldehyde	4	1	Tools, cutting	31	24
Pig iron	7	2	Tungsten	5	4
Scrap iron and steel	6	4	Zinc	7	5

BATTLE CREEK

One manufacturer reports unable to obtain steel for making defense houses. Recent order of Supply Priorities and Allocations Board granting priority to houses under $6,000 will undoubtedly help. Another manufacturer reports reduction in employment of 50 percent if he is unable to obtain any further defense contracts and other materials are shut off under priorities. Another manufacturer reports complete shut down if further defense work cannot be obtained. One manufacturer is completely loaded with defense work and is having no difficulty; has increased his employment considerably.

All manufacturers' reports to the chamber of commerce, except one or two who have defense contracts, show that employment will be decreased 50 percent up to 100 percent if defense cannot be substituted for civilian work.

Some migration of labor from smaller communities into Battle Creek.

EXHIBIT B.—REPLIES TO QUERY ON SUBCONTRACTS AND EMPLOYMENT IN PLANTS OF BATTLE CREEK, MICH.

CORRESPONDENCE SUBMITTED BY JOHN L. LOVETT, GENERAL MANAGER, MICHIGAN MANUFACTURERS ASSOCIATION

UNITED STATES REGISTER CO.,
Battle Creek, Mich., September 8, 1941.

MR. JOHN L. LOVETT,
Managing Director, Michigan Manufacturers Association,
Detroit, Mich.

DEAR JOHN: We understand that you are going to have an opportunity to appear before the House Committee Investigating National Defense Migration, and we want to give you information pertaining to the situation we find ourselves in at the present time.

Since the emergency started, quite a considerable portion of our production has been for direct defense work. During the last year we have supplied registers and vents of a total weight of 367,340 pounds to Army forts, airports, national defense housing projects, and other direct defense work.

Under the present set-up it is not possible for us to obtain a priority rating for our steel requirements. We have to make our quotations to the subcontractor months before we receive the order and when the order is received we must agree to make delivery by a certain time. If we waited until we were assigned the order before we placed our orders for the material necessary we could never make deliveries at the time required by the Government. For this reason we must have supplies of steel here in advance of receiving the orders for these defense projects.

Under the defense rating plan we could obtain in this quarter the amount of steel necessary to replace the steel that we used in filling direct defense contracts during the previous quarter, but by the time we could get this priority arranged the present quarter would be almost gone.

With full priority being put on steel as of September 1, our suppliers tell us they cannot guarantee that we will get anywhere near our minimum requirements during the next 2 or 3 months. At all times we have several quotations out on defense projects and if we eventually receive the orders from these quotations we do not know where we are going to turn to get materials with which to be sure that we will be able to fill these orders and as you know, most of these Government contracts contain a penalty clause.

There must be a large number of manufacturers whose problem is the same as ours as we have outlined above. We are only too willing and glad to do all we can in the interest of national defense and we want to be in a position to give the service required on these defense orders when the orders are received by us, and it seems as though some plan should be put in effect by Office of Production Management so that people in our status will be able to obtain the necessary materials to put us in a position to take care of these orders as they are received. We are not trying to hoard steel and the facts in the case are that unless we get some relief before the end of this month we will not only be unable to take care of some defense orders but we will also have to lay off some of our help.

We understand that the Federal Housing Administration are endeavoring to have Office of Production Management classify all housing costing $6,000 or less or built to rent for $50 per month or less as defense housing, but so far this order has not been issued. At least 85 percent of our production goes into such housing and no one can dispute the necessity of continued effort in the future to supply the required housing in this class.

We sincerely trust that you will have an opportunity to present these facts to the committee for their serious consideration.

With kindest regards, we are

Very truly yours,

United States Register Co.
F. C. Bowers, *President.*

Battle Creek Chamber of Commerce,
Battle Creek, Mich., September 19, 1941.

Mr. John Lovett,
Michigan Manufacturers Association,
Detroit, Mich.

Dear John: Pursuant to our agreement, we are enclosing herewith replies which we received from local manufacturers. Should we receive any additional ones, we will forward them to you immediately.

Incidentally, you might be interested in knowing that Wednesday night we had a meeting of management of those firms whose plants do not have any defense work, or whose facilities are not being completely used for defense work. This group is making a survey of facilities available in an endeavor to combine those facilities so as to bid on prime or subcontracts.

Sorry you did not stay longer at Grand Haven. Would like to have seen you.

Very truly yours,

Battle Creek Chamber of Commerce,
R. Habermann, *Secretary.*

Battle Creek Foundry Co.

Subcontracts from Clark Equipment Co. Rating A–1–a to A–10.

Contract from Grand Trunk R. R. Rating A–3.

Now running at full capacity. At present we do not believe any unemployment will result because of priority materials.

Battle Creek Foundry Co.
By C. J. Lofgren.

Electrical Manufacturing Co.,
Battle Creek, Mich., September 4, 1941.

Battle Creek Chamber of Commerce,
Battle Creek, Mich.

Gentlemen: In answer to your memo of September 3, the following information is given:

(1) We have a primary defense contract in the amount of $78,000, no subcontracts.

(2) There will be no increase in our employment resulting from this contract as the work will be done by our regular employees since we are unable to get material for our regular nondefense work.

(3) No unemployment will result at present; however, unless we secure another defense contract when our present one is completed, approximately the coming November, it will be necessary to shut down our entire plant because of lack of materials which have been diverted to defense.

Very truly yours,

Electrical Manufacturing Co.
Geo. C. Price, *President.*

Battle Creek Bread Wrapping Machine Co.,
Battle Creek, Mich., September 4, 1941.

Battle Creek Chamber of Commerce,
Battle Creek, Mich.

Gentlemen: We have your letter of September 3 asking for data to put in the hands of John Lovett of the Michigan Manufacturers' Association.

To answer question (1) we have no prime contracts. We are handling subcontract work in several different directions, that is to say, for several companies.

To answer question (2) an estimate of increase in employment resulting from the defense program is 50 to 60 percent of a late 1937 date.

In answer to question number (3) as to an estimate of unemployment which will result because of priority of materials, or shortages, is 90 to 95 percent of our entire organization. In fact, if we feel the pinch in this direction as we are told we will, it will unquestionably mean our closing our doors and having to go out of business.

Sincerely yours,

Battle Creek Bread Wrapping Machine Co.
Boyd H. Redner, *Assistant Manager.*

General Foods Corporation,
Post Products Division,
Battle Creek, Mich., September 4, 1941.

Battle Creek Chamber of Commerce,
Battle Creek, Mich.

(Attention: Mr. R. Habermann.)

Dear Sir: Answering your questionnaire of September 3 for the Michigan Manufacturers' Association, this is to advise that we have no primary or subcontracts for defense purposes, consequently have no change in employment because of any defense work.

We do, however, notice an increase in our business because of the general increase throughout the country due to the defense program.

Yours very truly,

General Foods Corporation,
S. H. Zimmerman, *Plant Manager.*

Oliver Farm Equipment Co.,
Battle Creek, Mich., September 4, 1941.

Battle Creek Chamber of Commerce,
Battle Creek, Mich.,

(Attention: R. Habermann, Secretary.)

Gentlemen: In reply to your general bulletin of September 3, wish to advise that we have some subcontracts in our plant that have not changed our employment at all.

As far as unemployment is concerned because of priority materials it is hard for us to estimate at this time; however, we are finding it rather difficult to take off on our 1942 schedules. Materials that we anticipated receiving in August are now promised us in October, therefore if this condition does not improve or if we fail to get material in those days it will mean a loss of employment of approximately 25 percent in this plant.

Very truly yours,

Oliver Farm Equipment Co.,
C. W. Johnson, *Plant Manager.*

Clark Equipment Co.,
Buchanan, Mich., September 9, 1941.

Mr. R. Habermann,
Secretary, Battle Creek Chamber of Commerce,
Battle Creek, Mich.

Dear Sir: Your mimeographed memorandum of the 3d has been referred to me.

Your memorandum is not clear, and I do not know whether you refer to our Battle Creek plant, or to the company as a whole, but I assume you are referring to the company as a whole.

We do not give out details on our Government contracts, but we have a number of them both direct and indirect.

Answering question 2, our employment is up about 50 percent over a year ago, and it, of course, can be assumed that the bulk of this increase is from the defense program.

Answering question 3, we do not anticipate any unemployment because of priorities of material.

Yours truly,

Clark Equipment Co.,
A. S. Bonner, *Vice President.*

United Steel & Wire Co.,
Battle Creek, Mich., September 9, 1941.

Battle Creek Chamber of Commerce,
Battle Creek, Mich.

(Attention: Mr. R. Habermann.)

Gentlemen: I will answer in order the questions put to us in your letter of September 3.

We have only one subcontract at this time—the job of making tool boxes for the Duplex Printing Press Co. We are, however, furnishing wire shelves and certain other wire parts to some of our accounts whose product in turn is sold to the Government, or under the defense program. We estimate this volume of business as about 5 percent of our total.

We are operating almost at a maximum at the moment so there would be very little increase in employment at our place if we secure more Government business than we have now.

If we don't get more defense business within the next few weeks, we will have to cut down our force considerably as we are not able to get some of the materials which go into certain of our products. I am not in position to say how many people we would have to let go for everything would depend on the amount of work we would be doing under the defense program and along our regular lines. It is certain, however, that there will be a cutting down of our force if we don't get the amount of defense business we need to offset the amount of business we can't handle due to our inability to get materials needed.

Very truly yours,

United Steel & Wire Co.,
By C. G. Genebach.

Michigan Metal Products Co.,
Battle Creek, Mich., September 8, 1941.

Battle Creek Chamber of Commerce,
Battle Creek, Mich.

(Attention R. Habermann, secretary.)

Gentlemen: In reply to your memorandum of the 3d.

1. We have had one primary Government contract for bedstead card holders for the Army, amounting to $4,875.

2. This resulted in no appreciable increase of employment.

3. It is rather difficult to estimate the unemployment that might result from priority of materials unless steel in second sheets, which we use, should be placed under the priority plan, which has not as yet been done. If this action is not taken we can continue normal operation, in our opinion.

Yours very truly,

Michigan Metal Products Co.,
M. L. Gardner, *General Manager.*

Globe Manufacturing Co.,
Battle Creek, Mich., September 8, 1941.

Battle Creek Chamber of Commerce,
Battle Creek, Mich.

(Attention Mr. R. Haberman, secretary.)

Reference: Your memorandum letter, September 3.
Subject: Employment survey.

Gentlemen: We are now doing subcontract work for a local manufacturer working on defense orders.

This has increased our factory employment approximately 50 percent.

We should probably be completely shut down, however, because of inability to get material for our own line were it not for this special machine work, and we have no way of knowing how long it will last.

Yours very truly,

Globe Manufacturing Co.,
M. R. Tyrrell, *Treasurer.*

Alsteel Manufacturing Co.,
Battle Creek, Mich., September 11, 1941.

Battle Creek Chamber of Commerce,
Battle Creek, Mich.

(Attention Mr. R. Habermann.)

Dear Sir: The following information is sent you in response to your request dated September 3, 1941. We understand this information is to be used by Mr. John Lovett, of the Michigan Manufacturers Association, in a summary of facts to be presented before the House Committee Investigating National Defense Migration.

1. (*a*) Primary contracts, none.

(*b*) Subcontracts: (1) No. DA-W-535-AC-56. Rating A-1-E; (2) No. W-398-QM-10250. Rating A-1-F.

2. An estimate of increase in employment resulting from defense program, 15 percent.

3. An estimate of the unemployment because of priorities would be about 50 percent if we were unable to secure materials to manufacture items not classed as defense and essential items.

Forty-seven percent of our total volume for August 1941 was produced under priority ratings ranging from A-1-D to A-10.

Very truly yours.

Alsteel Manufacturing Co.,
H. B. Ford.

TESTIMONY OF JOHN LOVETT—Resumed

Mr. Osmers. Now, I am quoting from your paper because I want to question you about it a little bit. You say here [reading]:

> The hope of aiding the small manufacturers lies in getting the large manufacturer enough business so that he can subcontract.

Are you familiar with the York plan, in Pennsylvania:?

Mr. Lovett. Yes, sir.

Mr. Osmers. Are there any possibilities in that plan for the State of Michigan?

Mr. Lovett. The city of Ypsilanti has undertaken a similar plan, and there is some effort being made in Jackson along the same line, and also in Kalamazoo.

Mr. Osmers. Are these efforts meeting with success?

Mr. Lovett. Not especially. The Ypsilanti plan is the furthest along, and they have employed an engineer and surveyed their situation very carefully, but it hasn't produced any particular results. They are contacting the various procurement divisions, but up to now it hasn't brought anything particularly.

LITTLE FIRMS FORGOTTEN IN DEFENSE

Mr. Osmers. One of the local newspapers here carried a story on July 25 that was headlined:

> Little firms forgotten in defense. Only 82 out of 1,407 in Michigan are on the Michigan Office of Production Management list receiving contracts up to July 1.

I presume that that writer was referring to prime contracts?

Mr. Lovett. He must have been, because there are a great many more that have parts of contracts.

Mr. Osmers. I see. What would you suggest, Mr. Lovett, that this Government do, through its O. P. M., that would spread this work?

Mr. Lovett. I think the important thing in Michigan is to get the job into the prime contractor's hands.

MICHIGAN A SUBCONTRACTING STATE

We are fundamentally a subcontracting State. The manufacturers who produce a complete article themselves subcontract for parts, and they are not large enough, they haven't got the staff to go to Washington and fight for contracts. In other words, if they bid on a contract they have got to carry all of their sales overhead, their advertising overhead—all that overhead. They have to carry it in a bid because they have been making a stove, we will say, and all of the costs have had to be carried in the stove.

Well, you are not going to get any Government business on that basis. Now, if the prime contractor in Michigan were able to go to that plant with his engineers and his buyers and pick out the particular things that man could do on the defense program, he would probably get the job.

Mr. OSMERS. Would you say, following that line of reasoning, that the Government should crowd some of these prime contractors—the large contractors—more than they are now, and give them more contracts and shorter schedules?

Mr. LOVETT. Right; absolutely right. That is the thing we have got to have in this State. We have got to have more, and push up the schedules.

Mr. OSMERS. You are aware, as secretary of the Manufacturers Association, that there is almost a state of revolt among these small manufacturers, and that they feel that this has been a "big business boom," and that they have been left by the wayside. They can't go to Washington. They can't get priorities. They can't get materials. And they are facing ruin, and the big ones are getting bigger, and the small ones are getting smaller.

Have you found any disposition on the part of prime contractors in the State of Michigan to refuse to spread this work out, to try to hold as much of it as they can?

Mr. LOVETT. I have found just the opposite. For instance, the Chrysler Corporation, on this tank job, has 700 contractors.

Mr. OSMERS. Are most of those in the State of Michigan?

Mr. LOVETT. No; they are scattered through their regular list. They have about 1,400 or 1,500 regular suppliers in producing automobiles, and they have tried to spread this out. What they would like to do is spread it out more and get more tank contracts and more of other contracts. There is no disposition not to spread it, because a lot of the parts manufacturers have the equipment that the prime contractor in the main plant may not have at all.

Mr. OSMERS. You are right. Has your association analyzed these Michigan firms with respect to their equipment for defense production?

SURVEY OF EQUIPMENT OF 1,200 MANUFACTURERS

Mr. LOVETT. We completed a survey probably 6 or 8 months ago, in which we listed the equipment, the power sources, the source of raw materials, everything that we felt was necessary in the defense program; and we turned that survey over to the local defense contract service, so they have a list of all of the equipment of some 1,200 manufacturers in Michigan on file there.

Mr. OSMERS. Do you have any knowledge of whether they are using those files?

Mr. LOVETT. Oh, yes.

Mr. OSMERS. They are using them?

CHARGES DEFENSE CONTRACT SERVICE GETS ONLY "CATS AND DOGS"

Mr. LOVETT. They are using them. The trouble is with the defense contract service. They just get the "cats and dogs." The stuff is all let in Washington except what they can't find down there. Then they kick it over to the defense contract service.

Mr. OSMERS. Then the small man comes in?

Mr. LOVETT. On the cats and dogs, sure—something that nobody else wants, can't make. Then they try to farm that out through the defense contract service to the small manufacturers.

You know that if it were a desirable contract, somebody would probably grab it before it got out here, with all the salesmen there are around Washington trying to get contracts.

Mr. OSMERS. You are agreeing with what I have said before about the big boys hogging it a little bit?

Mr. LOVETT. They don't do that. It isn't necessarily hogging. I don't think that is the right phrase.

Mr. OSMERS. Well, a rose by any other name would smell as sweet. I think it would be about the same anyway, but let us not worry about the phrasing.

Mr. LOVETT. O. K.

Mr. OSMERS. Let us go into the question of shortages of materials here. Does your organization make any attempt to find out about the shortages of material that are affecting your membership?

Mr. LOVETT. None, except for the purpose of this survey. We canvassed, for your committee, all the local chambers of commerce as to their situation, and their reports are attached to my original statement.[1]

Mr. OSMERS. What is the most serious shortage situation you have?

Mr. LOVETT. Well, the steel situation is bad—steel, aluminum, and the alloys are all bad because they are strictly controlled.

Mr. OSMERS. Have you found in any important instance that the Priorities Division in Washington hasn't made fair and equitable decisions?

MATERIAL DISTRIBUTION IN LAST WAR

Mr. LOVETT. The greatest criticism of the Priorities Division has been the delays in getting through orders after they have told you you were entitled to a priority, and in getting that actually issued to you so you can pass it on for material. I would say generally the criticism on priorities has been based on the confusion that has existed in the O. P. M. in the whole priority question. I have felt that in the last war Mr. Baruch's idea of an inventory—inventorying the supplies on hand and then finding out what the Government needed and letting the producers distribute the surplus, pro rata to their customers—was a much better scheme than trying to control the distribution of all of this material, which, apparently, is the plan of the O. P. M. now.

Mr. OSMERS. Without basing that distribution upon a natural inventory?

Mr. LOVETT. That is right. I don't see how you can handle this material thing unless you know what is on hand, what you can produce, what the Government wants for 6 months or 12 months. It seems to me that is just a. b. c. but I don't think they have got that information—certainly not as near as I can find out.

Mr. OSMERS. You feel the tendency now is to put the cart before the horse and deal with the distribution of a product without determining what is on hand?

Mr. LOVETT. That is right.

SPECULATIONS IN STRATEGIC MATERIALS

Mr. OSMERS. I heard an amazing rumor over the week-end in New York about some of these strategic materials. According to this story, it seems that there are a great number of transactions now being conducted outside the pale of the Priorities Division—a sort of "black market" in materials, in which they are changing hands quickly. It is a speculative proposition, almost like a commodity market, and there are a great many transactions, and people never see the goods and never use them, and eventually they end up somewhere and are found to be not what they should be. Is such a thing in existence?

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[1] See Exhibits A and B, pp. 7122-7137.

Mr. LOVETT. I have heard that. I think there probably is a certain amount of it going on. Naturally a fellow who wants material, a manufacturer, is going to get it if he can. I think that is being done largely by brokers.

Mr. OSMERS. That is right.

Mr. LOVETT. I don't think it is being done by the producer.

Mr. OSMERS. It is strictly a speculative proposition?

Mr. LOVETT. That is right.

Mr. OSMERS. I am leading back to a point that you just made, that if the inventory had been made in the beginning, we would know about all of these things. It wasn't made, so there are little stores of these materials around the country and they are being speculated in just as one would in stock. Is that correct?

Mr. LOVETT. That is right. I have heard the rumor hereabouts that the Navy Department and a lot of its yards have enough steel on hand for 2 years.

Mr. OSMERS. I would like to question you on that a little further. That accusation has been made against the Navy and the Army—that they have overordered to such an extent with the vast appropriations at their disposal, that they have needlessly crippled not only defense but civilian industry in the United States. The story goes that at this time they have just gone into the market and embraced everything that was loose. Now, is that a charge that is made in the State of Michigan?

Mr. LOVETT. That is the charge that is made. You hear those rumors. I discussed that very subject with one of the gentlemen in the O. P. M. He said, "Well, I can't answer you because we don't know." That was 2 weeks ago. Last week I was talking with him again. He said, "Just last week we got an order to force the Navy to reveal its inventory."

Mr. OSMERS. So we are getting back to the inventory question again.

Mr. LOVETT. That is right.

Mr. OSMERS. Another evidence of its necessity?

Mr. LOVETT. That is right.

Mr. OSMERS. Now, has the R. F. C. financed much of this defense business out here?

Mr. LOVETT. Practically all the new facilities have been financed by the R. F. C.

Mr. OSMERS. Your new plants?

Mr. LOVETT. Yes, sir; the Defense Finance Corporation.

ZONING OF LABOR COMMUNITIES

Mr. OSMERS. You made a suggestion in your paper that the Nation be zoned, on a basis of wages and other factors, and that bids be taken on a zone basis or an area basis. Would you like to develop that a little further?

Mr. LOVETT. I would like to illustrate what I mean. We had one firm in Michigan which was designated by the Army Ordnance as a prime contractor. The Government spent the money and made the tools to make 3-inch shells. They ran an educational order, I think, of 15,000 shells. Then the Ordnance called for bids and the big contract of some 3 or 4 million shells went to a firm down in southern Indiana that had never had an educational order and never had been tooled up to the job. They were bidding on the basis of wages at 60 cents and this particular Michigan plant had a wage of about $1.02.

The Michigan plant, which was tooled and ready to go into production, didn't get the contract. Now, the Army Ordnance, I understand, has recommended to the Attorney General that the districts with like wage levels—this Great Lakes District, for instance, around Detroit, Cleveland, and Toledo, has pretty much the same level of wages—should be zoned and should not have to compete with lower-wage districts, like southern Indiana and southern Illinois.

"LABOR COMMUNITIES"

I think that principle has been used in this designation of communities as "labor communities". Mr. Hillman, I think, has brought about a program by which certain cities are designated as "priority labor points," and a 15-percent increase in labor costs is permitted under bids, under his scheme.

He has designated some 10 or 15 communities in Michigan as priority labor districts. Now, that will give you a 15-percent advantage on your bids there on labor.

But the reason we probably haven't a lot of prime contracts here is that our wage rates have always been high, and they are high now. Therefore, we have been out of competition with a lot of other districts.

Mr. OSMERS. But aren't your methods of manufacture and your per unit cost in Michigan generally lower, even though your wages have been high?

Mr. LOVETT. That is right.

Mr. OSMERS. A plant in southern Indiana may be paying 60 cents, while you are paying a dollar?

Mr. LOVETT. Yes.

Mr. OSMERS. Your firm in Michigan, it seems to me, should have been able to compete with an educational order behind them and obviously the requisite skill to do the job. I am wondering in my own mind how the firm in southern Indiana could make an intelligent bid.

Mr. LOVETT. I don't think they did.

Mr. OSMERS. I don't think so either, because if they had made one, I believe that with the advantage of the educational order and previous mass-production experience here, you probably would have had a lower bid in Michigan.

Mr. LOVETT. Well, I think our bid was reasonably honest, and I think the other fellow was gambling. He got these shells for 3 cents a shell less than we did, but the point is that he had to tool up. He probably isn't in production yet, whereas our firm was ready to go ahead 6 months ago when the order was let.

Mr. ARNOLD. Was that a Du Pont concern in southern Indiana?

Mr. LOVETT. No, it was not.

Mr. ARNOLD. And it wasn't a subsidiary of Du Pont?

Mr. LOVETT. No; it was an independent concern. I have forgotten the name of it now, but I did know at the time; and the Michigan firm sent its engineers down to visit this gentleman and find out how it was possible for him to bid on this and get a lower figure than they did. They made a very thorough investigation to satisfy themselves just what had happened.

Mr. OSMERS. What was their conclusion—that they had miscalculated the job, or that he was paying lower wages?

Mr. LOVETT. Well, they figured that he probably would lose money on the contract before he got through, because he didn't know anything about how to make it and he just took a shot in the dark. He was paying at the time he took the contract 50 cents an hour. He figured 60 cents an hour on his wages in the contract.

Mr. OSMERS. In other words, the total sounded like a lot of money and he thought he could get through on it?

Mr. LOVETT. That is right. He took a shot at it.

Mr. OSMERS. Now, on page 3 (in this volume p. 7121) of your statement, you say, and I quote you:

> Generally speaking, Michigan is a mass-production State. It is a State where its manufacturers and workers are skilled in repetitive operations, and that is the kind of prime contracts that we in Michigan want.

Then later on you say:

> The manufacture of defense items, generally speaking, is a precision job.

Now, do you consider those two statements to be in conflict?

TRAINING PROGRAMS AND THE OLDER MAN

Mr. LOVETT. Well, there is a certain conflict, yes, because that will affect our labor problem, I think. There is quite a training program on here now. Men have to be trained especially for all this aircraft-engine business, and for a good deal of airplane riveting and that sort of thing.

The older men, who have been working for 10 or 15 years, we will say, on a repetitive operation, have developed no special skill. They pick the piece up here and put it there and take it off, and trip the machine. They don't set the machine up, they don't make the tools.

Now, I don't know what position those men are going to have in the defense picture, because generally speaking the younger men are the men who are being trained, and the ones who can be trained. So I am not so sure that we won't have a problem in those men over 40 who aren't able to be trained in these new processes. You can train the younger fellows on the skilled jobs, even though they haven't been working on them. But I doubt if you can train the other ones.

Mr. OSMERS. We are confronted with that same proposition, of course, all over the United States. I know in New Jersey we are making Wright motors in quantity, and in Baltimore they are making airplanes in quantity. I wouldn't want to guess at it, but I would say the average age of the men involved in those operations is probably around 21 or 22. It is amazingly low.

Mr. LOVETT. That is right.

Mr. OSMERS. Your situation here in Michigan would seem to call for a very wide training program of different levels of skill. Is that correct?

Mr. LOVETT. That is correct. The programs are on. Mr. Hall is more familiar with that program than I am. He has followed that very closely in Detroit, but we have quite a little training in industry itself and also in connection with the tools, not only in Detroit, but in Muskegon and Grand Rapids and Jackson. There has been carried on in Michigan for a number of years this vocational training within the schools, as a joint operation between industry and the school system.

Mr. OSMERS. Has that developed to be a very wise program in this emergency?

Mr. LOVETT. It has been shown to be very wise, and it has been expanded a great deal in view of the defense orders that are out.

Mr. OSMERS. I realize you are not testifying as an educator. But, could you give the committee briefly something about that established training in Michigan in connection with your public schools?

Mr. LOVETT. Well, we have operated here for a great many years on part time in the schools and part time in the plants.

Mr. OSMERS. In the public schools?

Mr. LOVETT. That is right.

Mr. OSMERS. And no tuition is charged the student?

Mr. LOVETT. That is right.

Mr. OSMERS. Training young people of high-school age?

Mr. LOVETT. That is right, yes. They go part time to school and then they spend a part of their time in the factories. That has been the basis of vocational training in Michigan.

The training that is given now, though, is more intensive than that. The men go right into the schools and take the training and then hope to get a job. It is entirely independent of that joint operation, but over the period of years this joint plan has been used in the industrial centers all over the State.

Mr. OSMERS. Well, in your new programs, leaving aside your public-school program that has existed for years, in what categories do these training programs fall? Do the men pay for the courses themselves, or does the State pay for them, or is it Federal? How is it financed?

Mr. LOVETT. The men taking private-industry training are paid a wage as they go to school.

Mr. OSMERS. That is the training-in-industry program?

Mr. LOVETT. Yes. The school program is paid for by the local schools and they have a grant, don't they, Mr. Hall, from the Federal Government?

Mr. HALL. That is right.

Mr. LOVETT. And the men don't get any pay as they go there.

Mr. OSMERS. Do the private schools figure in the Michigan situation at all?

Mr. LOVETT. Privately owned, run-for-profit schools?

Mr. OSMERS. Trade schools.

Mr. LOVETT. They are here to some extent, and always have been, and they are operating. I don't know how many pupils they have. Of course, you have in addition to the regular commercial trade schools, other schools. General Motors has a school at Flint—the Flint Institute of Technology—and Ford has the Ford Trade School, and Chrysler has their Chrysler School, where they even go into giving degrees. These men are fed back into those industries.

Mr. Osmers. In those cases of the large automobile manufacturers, do they pay the entire cost of that education?

Mr. Lovett. Oh, yes.

EXPECTED UNEMPLOYMENT

Mr. Osmers. In your summary of the Michigan situation you predict that unless materials are forthcoming in a city like Grand Rapids, 3,300 men may be laid off. Is that typical or is that an exception?

Mr. Lovett. No; I would say that is typical—that proportion—in a great many cities in Michigan. Grand Rapids is primarily a furniture-manufacturing town, and they have a lot of metal workers there connected with the furniture industry—brass foundries and brass stampings, and that sort of thing.

St. Joseph, Mich., is probably in the same situation. Sturgis and Dowagiac are probably worse than any of them. They haven't any big industry. All they have is stoves and furnaces down there, and up to now the Government has not been buying any hand grenades or things that they can make in gray-iron foundries of that type. So I would say that that is probably a fair report on the southwestern part of Michigan.

Now, in the northeast part, cities like Saginaw, Bay City, and Flint are devoted largely to automobile parts. They probably are not as badly off. But in southwestern Michigan it is pretty bad, or will be.

Mr. Osmers. Your northern section is more adaptable to the needs of defense?

Mr. Lovett. They have been making automobile parts and accessories, and they have the equipment that can be converted.

Mr. Osmers. Aside from hand grenades, what other things are there that these stove manufacturers can make, these gray-iron foundries?

Mr. Lovett. Probably ammunition boxes and sheet-metal things, but they are not able to take very much of an order in one plant. They would have to pool orders or else the Government would have to split them up.

They are primarily sheet metal and foundry industries there. They don't have any close precision equipment. There isn't anything very precise about making a stove.

Mr. Arnold. I attended a conference in Chicago about a week ago, and perhaps some of your southwestern Michigan manufacturers and city officials were there.

Mr. Lovett. They were.

Mr. Arnold. They broke up into industrial groups and manufacturers and city officials. While I don't know that they knew I was in the meeting, an official from Quincy, Ill., which city was then being surveyed for something like the York plan or the Decatur plan, was telling the other officials that that was what they were going to have to do, "Forget peacetime manufacturing". He told them they should quit peacetime manufacturing and go into defense production, and I thought for a short time they were going to throw him out of the meeting.

They seemed to think, when he mentioned that, that all they had to do was get hold of their Congressman or Senator and have him force the Government to furnish materials for these nondefense industries and let them go ahead as usual.

Of course, I didn't speak up. I didn't want to disillustion them. But later Congressman Maas, who made the principal address, and from whom I think they expected some comfort, said that if they didn't get hep to the times and realize the situation in this Nation, they could expect to go out of business.

Now, do you find any manufacturers of that type in Michigan? I don't know whether they are isolationists, or what they are.

Mr. Lovett. Yes; it has been quite a task to bring them to the proposition that the defense is probably all they will have. Through our association we have run a regular campaign to try to convince them. We started in 6 or 8 months ago to tell them that if they expect to stay in business they had better try to get some defense orders.

Mr. Arnold. Some of them are pretty hard-boiled, aren't they?

MANUFACTURERS WANT DEFENSE CONTRACTS

Mr. Lovett. I haven't seen very many hard-boiled ones here. I think they are hard-boiled in this way: They make up their minds they are going to get into defense, and then send a man around to try to find a defense contract, and he comes back very much discouraged, with the result that they are mad at everybody. They can't get any steel, they know the steel people have told them they are going to be cut off, and they can't find any defense work that they can do, so naturally they are very much confused.

I doubt very much if we have among the manufacturers of Michigan very many who have any objection to the defense program. They would love to get into it if they could. I think that is the great feeling in Michigan. I have found no manufacturers who have taken any other position. And quite a few smaller manufacturers, who I thought couldn't afford to do it, have sent men to Washington and kept them there for quite a while, trying to find something to do. So I don't believe that we have that situation.

I do know that far out through the Middle West, of course, that is quite typical of the feeling that a great many manufacturers have. They have felt that they could continue to carry on their peacetime business. I believe ours are better educated. They realize that that is impossible.

O. P. M. SHOULD RELEASE MATERIAL NOT NEEDED FOR DEFENSE

The peacetime manufacturer might carry on to a certain extent if the O. P. M. reached the stage where it knew what steel it had over the 12 months' period and could say to the manufacturers who use steel: "Now, the country is producing 100,000,000 tons of steel this year; the defense program requires 50,000,000 tons. There will be 50,000,000 tons of steel to go for nondefense purposes." If that were true, then these fellows would at least have the knowledge that they would get a piece of steel during the year.

I think that has brought on the confusion—the absolute uncertainty as to where you fit in this picture. We know in industry that the facilities are not here for using all the steel that is produced in a year in the United States. You just haven't got the defense plants to use it all. Now, why doesn't the Government arrive at the figure that it is going to use and let the rest of the country know what it may have?

I think that might be done also in copper and brass. Then, I presume, there will be no private distribution of zinc. That is probably all going into defense. But that is what our people out here feel. If they had some assurance as to what these programs were, you would find them in a much happier state of mind.

Mr. Arnold. I think you are correct. I believe at this time more materials could be going to private industries that are not in the defense effort. But of course rumors fly around, and the amount of materials thought available is increased, and when these stories get around from manufacturer to manufacturer, they have it entirely too high, then a number of them are going to have to get into defense or quit.

Mr. Lovett. That is right.

Mr. Arnold. And they might as well make up their minds and quit bucking around and fighting the Government and hindering the defense program.

SOME PLANTS NOT EQUIPPED FOR DEFENSE WORK

Mr. Lovett. Of course, Congressman, there is this point to bear in mind. There are many manufacturers who are not equipped to take on any defense work. They just haven't any equipment adaptable to defense work. A woodworking plant for example, in this day and age hasn't much of a place in a defense program.

During the last war they used to make wooden propellers for airplanes, and these woodworking shops had a lot of business. That need is all gone. The result is that you are bringing in a class of manufacturers who haven't the equipment and who never can get in on defense orders. Now, what is going to happen to them? Those are the ones that are really going out of business if this push, as they tell us in Washington, is going to come.

I think most all the metalworking manufacturers eventually will be absorbed if they push the program, but you must bear in mind that a lot of them haven't any equipment that is adaptable.

Mr. Osmers. Mr. Lovett, you were here when I questioned the Governor, were you not?

Mr. Lovett. Yes.

Mr. Osmers. I tried to find out from the Governor a little about the State of Michigan's relationship to Washington. Not the State of Michigan, let us say, but the manufacturers of Michigan, in relationship with Washington. The Governor seemed to think that over the hill there was a rainbow.

Manufacturers whom I know personally have no such rosy picture. They do not assume that everything is going to come out all right with these new services that have been established, and new officials appointed.

In your position as general manager of the Michigan Manufacturers Association, what would you say is required in Washington today to make the efforts of the Michigan manufacturers effective in the national-defense program?

Mr. LOVETT. Well, I don't know whether you can do it in Washington.

Mr. OSMERS. Or anywhere else?

DECENTRALIZATION OF BIDDING PROCEDURES SUGGESTED

Mr. LOVETT. What I would like to see is the centralization of all these specifications and requests for bids. I would like to see them sent out to localities like in Detroit and channeled through the defense contract office here as soon as they are made available in Washington.

In the last war I was in Illinois, with the Illinois Manufacturers Association. We set up, on our own initiative, the Illinois Manufacturers War Industries Bureau. We hired an engineer and sent him to Washington. We furnished him with the itemized lists of equipment that we had in these industries in Illinois. His office became headquarters for a lot of procurement officers, because it was easier to go over to his office and find out who could make a thing than it was to run around the country.

Well, what this man of ours in Washington did was to relay to our Chicago office all the blueprints and specifications on items that the Government was buying, and we then called in to our Chicago office the manufacturers equipped to make that stuff, and they sat around a table there and took on the contracts.

Now, we haven't reached that stage in this situation, as I see it. Washington lets a lot of contracts that we know nothing about out here. The defense contracts office doesn't even know anything about them.

Mr. OSMERS. You mean the contracts are let before the Detroit office of the defense contract service knows that they are going to need that equipment?

Mr. LOVETT. That is right.

Mr. OSMERS. It is all over and done before they hear anything about it?

Mr. LOVETT. That is right.

Mr. OSMERS. A frequent complaint that I have heard—and I am sure that every Member of Congress has heard it too—is that the small manufacturer cannot get an answer on materials. There just is no answer. In automobile production, for example, they skirt that; they run around in percentages; and certainly, with the hundreds of thousands of people involved, not only in the State of Michigan but in every town and hamlet in the United States, there should be something definite by this time on that industry. But I don't think there is a man now who can say exactly what percentage of automobiles made this year will be allowed to be manufactured next year; and they are about as nearly ready on that item as any in the list. So you can imagine what the result is, down in the lesser-known industries.

Automobile manufacture is a front-page industry.

It is well equipped to go and fight the battle. And yet, as any executive in the motorcar industry today will admit, he doesn't know what he is going to do from day to day; he doesn't know what materials he is going to get, and can't guarantee he is going to get any.

Mr. LOVETT. That is right. We don't know what we can get, when we can get it, where we can get it, or whether we can get it.

Mr. OSMERS. You might be told that you can go ahead and make a thousand sedans. But then when you go to make them, you can't get the materials.

Mr. LOVETT. That is right. That is what we are up against right now. We don't know.

Mr. OSMERS. I am going to switch the subject entirely now, and I want to ask you a general question with respect to the feelings of your organization on the post-war period. Have you thought about it at all?

ANTICIPATES 2 YEARS OF POST-WAR PROSPERITY

Mr. LOVETT. Oh, yes. Well, the post-war period—that is shooting into the future. I believe most manufacturers in Michigan feel that for a year or two after this defense effort ceases they will have pretty good business, and pretty good employment, because they have got to replace a lot of things that have gone off the shelves.

Mr. OSMERS. A lot of civilian goods?

Mr. LOVETT. Yes, sir; that was the experience in the last war.

Mr. OSMERS. You think it will follow that general pattern?

Mr. LOVETT. The minute you start cutting down all of these so-called luxuries, you are going to find a public that has made good money generally during this emergency, and they are going to want to buy such things. So I think for a year or two at least we will run along pretty well and so will employment. But after that period, I don't know. I don't know what is going to happen. Nobody here knows.

Mr. OSMERS. It doesn't look very promising to anyone, does it?

Mr. LOVETT. No; there is great uncertainty.

Mr. OSMERS. Now, tell me this: A great many things have been suggested, and are being suggested from day to day with respect to that situation. I would say that most important was the suggestion to fix prices, to freeze prices, to control inflation, and keep us from going through the roof. How do your manufacturers feel about that idea?

Mr. LOVETT. They have no objection if you control the causes of prices which, of course, is costs; but it doesn't do any good to fix a price on a commodity and not fix a price on the constituent cost elements. If you are going to control prices you have got to control wages.

Mr. OSMERS. Is there any disagreement on materials among Michigan manufacturers?

Mr. LOVETT. None that I know of.

Mr. OSMERS. Several other suggestions have been made. In one of them I have been very much interested, and I probably will present it to Congress in the form of a bill. That is to extend the cushion of unemployment compensation after this emergency, extending the length of time, so that the transition period will not be as rough. Do you feel kindly toward such a plan?

Mr. LOVETT. I heard you ask the Governor that. I have been thinking some about it since. I am not so sure that is the answer. I am not so sure that the Government can find the answer.

Mr. OSMERS. They can't find a complete or perfect answer, we know that. What I have in mind is making such a proposal to lengthen the time of adjustment a little bit before we are on W. P. A.

and city relief and everything else. The suggestion is that that can be done by taking more from everyone during the period of the emergency, thereby controlling an inflationary tendency by reducing a little bit the amount of money that is available for spending.

PREFERS UNEMPLOYMENT COMPENSATION TO DIRECT RELIEF

Mr. Lovett. I would much rather do it your way than do it by W. P. A. and so-called direct relief propositions.

Mr. Osmers. I think you have a moral factor there that is very important.

Mr. Lovett. That is right.

Mr. Osmers. A man who is drawing unemployment compensation payments feels, and rightly so, that he is drawing from a fund to which he contributed and to which he is entitled. He doesn't feel any of the stigma that a man would feel in going on relief.

Mr. Lovett. I think, on your unemployment compensation idea, there is one fundamental factor that should be borne in mind. If you are going to extend your benefits, of course you have got to increase your taxes.

Mr. Osmers. That is right.

Mr. Lovett. On your pay roll. Now, this pay-roll tax has a direct effect upon the cost of living, and it is one of the things that is going to keep the income, generally speaking, of the hourly worker, we will say, from ever reaching up to his outgo.

We used to base our economy in this country, generally speaking, on a balance of income and prices. When you had an unsettled situation, you had income down and prices up, and sometimes you had income up and prices down. But it seems to me now that you have frozen the situation here, where your income never can reach your prices, for the simple reason that every time you raise wages you raise this tax, which becomes about 40 percent on the cost of your product, as you pyramid it through your various processing operations, so that you are always pushing these prices up. Every time you raise a wage you are also raising the tax. If your Social Security tax or unemployment compensation tax is 3 percent, you keep boosting it up because the producer must add it into his costs. So I question, in the long run, where that is all going to wind up in our national economy.

ENGLISH REPORT ON UNEMPLOYMENT COMPENSATION

The English made a very interesting report here 4 or 5 years ago, in which they analyzed unemployment compensation, the so-called Keynes theory of made work, and all that sort of thing; and you may recall that their commission came back to the proposition that when unemployment compensation for those who were working on factory pay rolls ran out, they went on direct cash relief at a subsistence basis. That was the finding of their commission.

Mr. Osmers. In view of all your own experience, is it your conclusion that as a Nation we would be better off to follow those recommendations and abandon this elaborate set-up and go on a direct subsistence basis?

Mr. Lovett. Not at this time. I don't think we are far enough along in it. I think we have been emotional about it and I think we are still in the emotional stage. After we get into what we might hope to be a normal era in the country, then we can find out whether it is successful or not, but I wouldn't want to say.

CRITICISM OF DOLE SYSTEM

Mr. OSMERS. One of the great criticisms that was made to that proposal and to the English system was implied in the word "dole."

Mr. LOVETT. Yes, sir; that is right.

Mr. OSMERS. That gave it a very unfavorable light in the eyes of the American people. A great many working people thought: "Well, if we do this it means that those of us who are working are just going to support a permanent army of people who will subsist within the population, people who never had either the ambition or the push to get a job at slightly more pay than subsistence." That was the great argument used against the plan.

The CHAIRMAN. Congressman Osmers, I was thinking about your proposed bill to increase unemployment compensation, and I was trying to think along with you. What jurisdiction would Congress have in passing any legislation telling the State of Michigan, for instance, how much its rates should be? We have the Federal Employees' Compensation Act, but that is limited, of course, to Federal employees.

Mr. OSMERS. I am referring to the unemployment compensation category of the Social Security Act.

Mr. LOVETT. You would take over the rate-making entirely as a Federal activity, would you, Congressman?

Mr. OSMERS. Yes, sir; probably exert more control over it.

Mr. LOVETT. I wouldn't favor that fundamentally.

Mr. OSMERS. I would like to say for the record that this proposal is still a long way from the perfected stage, and I expect to send it around and get a lot of advice from both employers and employees before I go further with it. (To Mr. Lovett.) What do you think of the forced savings plan?

OPPOSES FORCED SAVINGS PLAN

Mr. LOVETT. I don't think very much of it. That becomes another tax, and I don't think it is in accord with the psychology of the American people. Even though they don't save, I don't think they like that. It gets back to the proposition of the check-off again, and not many of them like that, even though some of the union officials do.

TESTIMONY OF WILLIS HALL, MANAGER, INDUSTRIAL DEPARTMENT, DETROIT BOARD OF COMMERCE

Mr. OSMERS. Now, Mr. Hall, you are general manager of the industrial department of the Detroit Board of Commerce?

Mr. HALL. Yes, sir.

Mr. OSMERS. I have a couple of matters I want to discuss with you. It is the feeling of your group, is it not, that the workers who are going to be laid off in the automobile industry will, of necessity, have to be reemployed in defense if they are going to get jobs at all?

Mr. HALL. That is correct; and it is the attitude of practically all of the employers in Detroit that they are going to make every effort to get enough defense work so that they can reabsorb their workers. That is their primary objective at the moment.

Mr. Osmers. The paper you have submitted will be entered in the record at this point.

(The paper referred to above is as follows:)

STATEMENT BY WILLIS H. HALL, MANAGER, INDUSTRIAL DEPARTMENT, DETROIT BOARD OF COMMERCE

Detroit, Wayne County, is known as the home of mass production and the automobile industry. Today it is becoming the defense production center of America.

Defense production is the No. 1 job of Detroit's industry. The production genius of Detroit's industries and the skill of her workers are being shifted from automobiles to tanks, aircraft, guns, and munitions. This shift brings many problems and will cause temporary unemployment for many Detroit workers.

The tremendous growth of the automobile industry during the past 20 years has drawn workers from all over the United States to Detroit. It is axiomatic that when business conditions throughout the United States are reasonably normal Detroit and the automobile industry booms, when the country is in a depression Detroit business and employment drops, not as much as some large cities, but Detroit always bounds back first as economic conditions in the Nation improve.

Thus employment in Detroit swings up and down and there is a migration of workers to and from Detroit with each swing. The attached tabulation of the Detroit employment index indicates these peaks and valleys. For example, the employment index went from a high of 130.6 in May 1937 to a low of 47.8 in July 1938. During this period there was considerable migration away from Detroit. As business and employment improved during 1939–40 many of these workers returned to Detroit and found employment. The employment index reached 126.7 in June 1941, dropped to 96 in July during the automobile change-over period and recovered 116 on August 30.

Industrial employment index, Detroit metropolitan area (1923–25 monthly average equals 100)—data as of middle and close of month

[Prepared by industrial department of the Detroit Board of Commerce]

	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941
January	127.0	101.5	76.4	67.2	52.2	75.1	101.4	109.2	114.4	88.6	101.8	106.7	122.1
	131.0	106.5	76.5	69.0	28.8	83.2	108.3	103.8	126.0	79.8	100.8	104.9	123.0
February	134.0	106.5	78.0	69.4	45.5	90.0	110.0	101.1	128.4	79.8	100.5	111.5	122.4
	135.0	108.0	81.2	68.6	49.2	99.1	109.5	100.0	127.5	74.3	99.3	109.9	122.1
March	137.8	108.0	82.5	68.0	33.5	101.8	110.6	100.9	87.7	75.3	99.7	110.6	123.6
	136.0	108.5	83.0	65.4	41.8	107.7	110.2	101.5	87.3	70.5	97.7	110.3	122.5
April	137.3	109.0	82.7	63.6	47.5	111.2	110.9	104.2	127.4	68.8	96.3	108.3	108.9
	136.0	110.5	83.5	67.5	50.0	112.7	110.8	105.8	130.0	68.4	96.0	108.8	120.3
May	137.0	111.5	84.0	69.0	51.0	106.8	106.4	105.4	130.6	65.1	89.8	104.8	123.8
	131.0	109.2	80.4	69.6	52.5	100.5	102.4	105.0	129.1	58.5	62.4	102.6	123.8
June	130.0	104.5	74.8	70.8	56.3	93.2	97.1	105.0	126.0	54.9	89.3	102.1	126.7
	128.2	99.0	73.2	72.2	60.7	83.1	93.7	103.5	125.4	54.9	86.7	96.0	119.6
July	129.0	58.0	68.2	69.6	62.4	87.4	90.7	104.3	117.3	52.0	71.0	75.0	115.3
	131.0	48.0	61.8	63.4	62.8	83.9	66.6	101.0	83.5	47.8	59.5	64.1	96.0
August	132.0	85.0	53.2	32.9	63.3	79.5	70.2	91.3	113.4	49.6	65.0	86.8	107.2
	127.0	83.0	50.0	29.2	64.7	70.2	71.7	78.0	83.6	56.8	89.4	93.4	116.0
September	127.0	80.8	70.4	44.7	64.5	70.8	71.9	75.7	86.6	62.6	97.5	102.2	114.9
	119.0	74.8	51.0	37.4	59.6	64.2	82.7	83.9	110.4	72.1	107.1	111.6	------
October	107.5	78.0	46.1	41.6	48.5	54.1	93.7	99.6	120.8	77.7	96.9	117.3	------
	98.5	79.0	41.7	42.0	37.3	50.2	100.9	103.0	124.9	88.0	102.4	120.2	------
November	89.5	80.0	50.0	40.8	41.2	51.9	107.5	112.6	123.4	92.6	97.8	122.7	------
	93.0	75.8	52.7	39.3	41.6	62.4	107.8	117.7	115.1	97.6	105.9	122.0	------
December	93.1	78.5	60.7	44.2	52.1	84.1	109.9	122.2	102.1	100.9	113.6	121.5	------
	98.0	40.0	64.0	48.0	61.7	91.2	108.8	126.1	74.5	102.9	112.1	121.9	------

Recent estimates of the Michigan Unemployment Compensation Commission indicate a current increase in unemployment of about 22,000 workers and an additional 30,000 workers will become unemployed during December and January. In addition to this net increase in unemployment many thousands of workers will be shifted from nondefense to defense employment during the next 6 months. Additional curtailment in the automobile industry or in nondefense manufacturing due to scarcity of materials will create additional unemployment.

Employment on defense production is being expanded as rapidly as production facilities can be equipped and made ready but it does not appear that the unemployed nondefense workers can all be absorbed in defense production before the fall of 1942.

This curtailed employment during the transition period will have a depressing effect on the entire community.

BUSINESS STATISTICS

Attached is a tabulation of Detroit Business Statistics for the first 8 months of 1941 showing the percent increase or decrease over the same period in 1940. Every factor except Detroit Stock Exchange sales shows a considerable increase over 1940. Estimates for the next 8 months indicate a decreased volume of business close to the 1939–40 pattern.

Detroit business statistics

	8 months ending Aug. 31, 1941	Percent increase or decrease over same period 1940	August 1941	Percent increase or decrease over	
				Last year	Last month
BUILDING AND REAL ESTATE					
Contracts awarded, Wayne County (Dodge Corporation)	[1] $83,036,000	+29.8	[1] $13,437,000	+19.4	+9.7
Residential contracts awarded in 37 States	[1] $1,154,043,000	+38.9	[1] $205,049,000	+46.0	−.2
Value of building permits—city of Detroit	$58.380.300	+24.7	$6,986,186	−5.2	−16.5
New buildings	$50.729,106	+24.3	$5,757,186	−8.6	−21.8
Residential buildings	$40,951,974	+23.9	$4,904,880	+10.3	−21.6
Factories and shops	$3,742,885	+356.0	$278,350	+117.0	−19.7
Families provided for by new buildings, Detroit	8,517	+9.5	986	−5.2	−22.8
Water board connections, Detroit area	9.632	+20.5	1,836	+48.5	+4.5
Deeds recorded, Wayne County	58,736	+27.0	7,694	+10.4	−11.2
Gas consumption, domestic, Detroit gas units	[1] 16,646,982	+5.1	[1] 1,300,613	+.6	−16.8
Gas meters installed, net, domestic	[1] +14,291	+47.2	[1] +2,218	+93.0	+35.0
GENERAL BUSINESS					
Deliveries of new passenger cars and trucks, Wayne County	120,251	+49.0	7,187	+28.7	−40.1
Postal receipts, Detroit area	$8,755,099	+9.5	$1,042,059	+7.2	−.2
Bank debits to individual accounts, Detroit	$10,713.118.000	+36.5	$1,339.803.000	+43.8	−9.6
Bank clearings, Detroit	$5,786,168,058	+48.1	$777,043,802	+41.8	−2.5
Department store sales, Detroit [2]	[1] 113	+22.9	[1] 97	+36.5	−11.8
Electric meters installed, net, Detroit area	+25,680	+26.4	+3,556	+16.4	−8.5
Telephones installed, net, Detroit area	+34,592	+92.3	+4,768	+74.8	+29.3
Detroit Stock Exchange:					
Number of shares traded	1,496.073	−30.4	207.222	+55.0	−5.6
Value of shares traded	$12,827,609	−37.4	$1,335,805	−14.3	−26.3
BUSINESS FAILURES—DETROIT AREA					
(Dun & Bradstreet, Inc.)					
Number	136	−35.8	12	−45.4	−29.3
Total assets	$981,518	−71.3	$232.632	−55.3	+59.5
Total liabilities	$2,011,514	−60.3	$402,442	−61.9	−3.5

[1] July 1941.

[2] Index based on 1935–39 daily average equal to 100.

Detroit business statistics—Continued

	8 months ending Aug. 31, 1941	Percent increase or decrease over same period 1940	August 1941	Percent increase or decrease over	
				Last year	Last month
INDUSTRIAL					
Employment index, Detroit area—industrial department estimate—average [3]	118.4	+18.6	111.6	+28.7	+9.6
Wages paid, industrial, Detroit area, base period, monthly average, 1934=100	[4] 173	+29.0	[4] 199	+55.5	+8.2
Freight cars loaded and received—transportation bureau, Detroit area	[1] 695,240	+24.7	[1] 94,639	+45.4	−2.9
Total in- and out-bound tonnage, Detroit area	[1] 16,800,461	+29.0	[1] 2,389,463	+49.1	−5.0
Power consumption index, Detroit area [3]	326	+27.3	314	+26.2	+.6
Automobile production, United States and Canada	[5] 3,790,476	+31.8	[5] 173,000	+92.7	−63.1
Revenue passengers carried on Detroit Street Ry. system	201,543,166	+12.4	20,326,594	−1.7	−16.2
Gas consumption, commercial and industrial, Detroit gas units, Detroit area	[1] 8,991,705	+28.4	[1] 1,162,041	+45.1	−12.9
Gas meters installed, net, commercial and industrial, Detroit area	[1] +381	+20.2	[1] −104	----------	----------

[1] July 1941.
[3] Index based on 1923-25 monthly average equal to 100.
[4] June 1941.
[5] Preliminary.

Compiled by the Industrial Department of the Detroit Board of Commerce.

OUT-MIGRATION OF WORKERS

Detroit has a large mobile labor supply. Workers flow toward Detroit as employment and production increase and many leave Detroit as soon as they are laid off. During the next 4 months the trend will be away from Detroit. It is difficult to present an accurate estimate of this out-migration but it may easily total 10,000 workers.

DEFENSE TRAINING

Your committee will have reports from the Training Within Industry Branch, Labor Division of the Office of Production Management and the Vocational Education Program for National Defense of the Detroit Board of Education. Both of these groups have undertaken tremendous training programs to prepare Detroit workers for the shift from nondefense to defense production. In addition, many of our large industrial institutions have expanded their normal training program to meet the training needs of the defense program. All of these training activities will have considerable influence on encouraging the unemployed Detroit workers to remain in Detroit, and enter training for specific defense jobs.

DEFENSE HOUSING NEEDS

Six months ago it appeared that Detroit would have need for a considerable increase in residential building to meet the housing requirements of new workers that would come to Detroit for jobs on defense production. Detroit's private home construction industry undertook a large building program in anticipation of that need.

Today, however, it appears that Detroit will have increasing residential vacancies during the next 6 months. This condition together with the institution of priorities for critical materials for defense housing costing $6,000 or less has materially reduced residential construction during the past month. The decline in residential construction will create some unemployment in the building trade as soon as construction programs now in process are completed.

However, we contemplate a continuing review of the facts relative to Detroit's housing supply, increases in employment, unemployment figures, and residential construction so that our housing needs can be forecast well enough in advance to meet the needs of the community.

The Federal Government has allocated 1,000 defense housing units to the Detroit area. The city of Detroit has established a homes registration bureau to register available dwelling units for rent and to receive application from workers for rental units. The rent index for Detroit on August 15, 1941, was 112.4. This compares with a rent index of 114.8 on December 15, 1937, and 143.4 in December 1929.

Attached is the cost of living index for Detroit as reported by the United States Bureau of Labor Statistics.

Cost of living in Detroit—Indexes of the cost of goods purchased by wage earners and lower-salaried workers

[Average: 1935–39=100]

Date	All items	Food	Clothing	Rent	Fuel and light	House furnishings	Miscellaneous
1914, December	69.1	81.3	68.8	80.7	67.7	62.1	48.0
1915, December	71.4	84.5	70.4	82.3	68.8	67.5	49.7
1916, December	83.4	101.2	81.8	94.8	74.4	77.3	58.7
1917, December	101.2	126.8	101.0	106.9	88.1	93.4	72.0
1918, December	120.9	148.4	147.1	112.1	99.9	128.7	82.9
1919, December	141.7	163.7	193.9	129.2	106.9	169.2	96.1
1920, June	163.2	199.6	212.5	136.1	118.4	190.4	115.9
December	150.9	144.5	190.0	167.8	138.4	176.3	117.2
1921, December	127.5	123.0	132.5	154.1	120.2	122.2	110.8
1922, December	124.6	119.8	123.8	154.9	132.3	112.4	106.4
1923, December	129.4	122.6	127.5	167.4	125.2	127.4	109.7
1924, December	127.3	122.9	121.2	164.4	123.7	123.0	108.3
1925, December	132.1	141.9	120.3	159.5	136.1	120.2	106.9
1926, December	129.2	137.7	117.7	157.7	126.4	117.1	106.4
1927, December	125.5	132.1	112.9	148.5	119.7	114.7	109.6
1928, December	123.9	129.6	111.8	143.7	119.8	112.5	111.0
1929, December	124.7	133.0	111.3	143.4	120.2	111.4	110.7
1930, December	113.3	112.5	103.4	129.0	115.8	103.4	108.1
1931, December	98.7	90.7	91.6	105.7	107.8	92.7	104.7
1932, December	86.2	73.8	86.6	81.5	99.6	82.1	101.2
1933, June	83.5	78.2	83.3	71.5	93.1	81.3	96.4
December	87.6	85.4	94.4	67.6	100.3	91.0	97.8
1934, Nov. 15	91.2	91.0	97.1	75.3	102.5	94.4	96.8
1935, Oct. 15	95.5	99.4	96.2	85.0	104.7	94.7	95.9
1936, Dec. 15	99.5	101.1	98.5	99.8	100.2	97.3	98.1
1937, June 15	105.3	109.3	102.4	107.4	97.9	104.4	102.4
Dec. 15	106.4	103.8	105.9	114.8	99.8	107.4	105.2
1938, June 15	103.0	99.8	102.0	111.2	95.7	102.2	103.2
Dec. 15	100.7	96.0	100.9	109.1	98.7	101.2	100.7
1939, Mar. 15	99.8	94.0	100.8	108.4	98.7	101.3	100.2
June 15	99.1	92.4	100.9	108.0	96.5	101.5	100.2
Sept. 15	100.2	96.2	100.1	107.8	97.5	101.3	99.9
Dec. 15	99.8	94.1	101.7	107.8	98.9	102.8	99.8
1940, Mar. 15	99.9	94.5	102.0	107.9	98.8	100.3	99.9
June 15	100.9	98.3	101.8	107.7	97.0	99.5	99.9
Sept. 15	100.5	96.0	101.2	107.9	98.9	99.2	100.7
Oct. 15	100.6	95.5	101.6	107.9	99.1	99.6	101.6
Nov. 15	100.4	94.8	101.6	107.9	99.2	99.6	101.6
Dec. 15	100.9	95.8	101.9	108.5	99.4	99.4	101.8
1941, Jan. 15	101.0	97.0	100.0	108.5	97.9	99.2	101.8
Feb. 15	101.1	97.2	100.1	108.7	98.3	99.2	101.8
Mar. 15	102.1	98.4	102.6	109.1	98.3	102.7	102.2
Apr. 15	103.4	101.3	102.6	109.7	98.3	103.1	103.1
May 15	103.4	100.7	102.7	110.0	99.8	103.5	103.1
June 15	106.4	107.0	103.2	110.6	101.9	106.4	105.2
July 15	107.0	107.2	105.0	112.1	102.2	109.0	105.0
Aug. 15	107.4	107.1	106.0	112.4	104.2	109.8	105.0

Source: U. S. Bureau of Labor Statistics.

Also attached is a tabulation showing the value of building permits issued by the city of Detroit on a monthly basis during the past 5 years.

Value of all building permits, Detroit

	1929	1937	1938	1939	1940	1941
January	$6, 057, 879	$2, 998, 107	$2, 183, 836	$3, 410, 949	$3, 026, 004	$4, 369, 850
February	5, 533, 315	3, 795, 556	1, 988, 862	3, 358, 676	3, 708, 089	5, 525. 872
March	11, 917, 635	5, 350, 051	3, 291, 544	5, 807, 144	5, 628, 631	9, 100, 909
April	11, 548, 340	4, 694, 965	3, 989, 000	5, 288, 482	7, 627, 877	9, 054, 527
May	11, 209, 318	3, 203. 126	3, 984, 634	5, 647, 831	7, 319. 220	6, 611, 020
June	9, 564, 058	7, 940, 750	4, 533, 441	5, 656, 736	5, 405, 305	8, 359, 295
July	10, 913, 415	6, 680, 969	4, 573, 852	5, 851, 306	6, 727, 979	8, 372, 641
August	9, 823, 611	5, 747, 161	4, 777, 237	5, 465, 940	7, 372, 271	6, 986, 186
September	9, 928, 308	3, 606, 779	5, 913, 840	5, 146, 693	7, 413, 139	------------
October	6, 767, 971	3, 419, 290	7, 226, 310	6, 888, 893	7, 656, 630	------------
November	4, 880, 017	3, 169, 046	5, 079, 201	5, 133, 572	6, 523, 875	------------
December	2, 398, 630	2, 304, 140	3, 888, 614	4, 007, 877	12, 729, 713	------------
Year	100, 542, 497	52, 909, 940	51, 430, 371	61, 664, 099	81, 138, 733	------------

A brief summary of present and near future conditions in the Detroit industrial area might be as follows: There will be increasing unemployment resulting from shortages of critical material and the conversion of Detroit industry from nondefense to defense production. Detroit industry is making and will continue to make every effort to speed up employment and production of defense material. Employment on nondefense will be maintained at as high a level as possible in proportion to the amounts of critical materials that can be released for nondefense production in order to cushion employment during the transition period. Defense training programs will be increased and are expected to have considerable influence on encouraging unemployed workers to remain in Detroit and train for specific defense jobs. Workers leaving Detroit during this transition period will probably return to Detroit when called by their former employer because wage rates in industry in the Detroit area are higher than any other large industrial area.

Detroit is deeply concerned about the current problems incident to the transition from nondefense to defense production. Howver, we are even more concerned about the problems that will confront Detroit and the entire country at the end of the defense-production period. We can foresee greater economic dislocations with its resulting unemployment, hardship, and suffering for thousands of our citizens unless we plan now to meet the problems that will confront Detroit and the country when we shift back to normal domestic production.

We are hopeful that the studies of this committee may aid in formulating some program to meet those problems.

TESTIMONY OF WILLIS HALL—Resumed

Mr. OSMERS. You state in your paper, and I quote you:

> It does not appear that the unemployed nondefense workers can all be absorbed in defense production before the fall of 1942.

Mr. HALL. That is correct.

Mr. OSMERS. That is about a year from now?

Mr. HALL. That is right.

Mr. OSMERS. Could you just give us your reasoning leading up to that?

Mr. HALL. That statement is predicated upon the proposition that you are going to curtail automobile production 48 percent in December, and possibly more afterward. Our present schedules for defense production just can't be stepped up in many of the larger defense plants. They can't get all the tools and machinery and equipment ready, they can't get production rolling fast enough to absorb those men at the time that they are laid off.

Mr. OSMERS. It is going to be a question of timing?

Mr. HALL. Absolutely, a question of timing.

Mr. Osmers. You feel hopeful that in a year, if the present arc of defense work continues, the employment situation will catch up with itself?

Mr. Hall. That is right.

Mr. Osmers. Now, you also say that this curtailment will have a very depressing effect on the entire community?

Mr. Hall. Can't help it.

Mr. Osmers. You expect in the next 6 months a volume of business close to the 1939–40 pattern. Would you consider that a depressed standard—the 1939–40 period?

BUSINESS CURVE

Mr. Hall. It certainly would be depressing compared with what we had during the last 9 months. Of course, in 1939 and 1940, we thought we were having good business; and then 1941 came along and business rose anywhere from 10 to 30 percent above the 1940 pattern, and now it appears that we are going to have this tremendous temporary unemployment, depressed pay rolls, depressed production of all items. We just won't have the buying power in the community to maintain the level that we have had during the past 8 months.

ANTICIPATED UNEMPLOYMENT FOR DETROIT

Mr. Osmers. I think the most interesting figures in your paper are your estimates of a current increase of 22,000 unemployed now, and 30,000 more becoming unemployed during December and January. Mr. Lovett uses the figure "115,000."

Mr. Hall. That is for the State.

Mr. Osmers. I presume your figures are for the city of Detroit?

Mr. Hall. Yes; and ours were taken from a preliminary survey made by the Michigan Unemployment Compensation Commission. You will hear Mr. Stanchfield, the expert on that, this afternoon.

Mr. Osmers. There is a story current in Detroit that you need a $10,000,000 public works program, and the Detroit officials estimate that 40,000 W. P. A. workers will be needed, as against 12,000 on the rolls today. Do you care to comment on that estimate?

TRAINING PROGRAMS

Mr. Hall. Well, I doubt, Congressman, that 40,000 people will go down immediately and apply for W. P. A. Remember that each of these large industries is at the present time engaged in a tremendous retraining program to fit the nondefense worker to take on the defense job. In addition to that, you have the training program through the school system. They have, I believe, about 15,000 people in various stages of defense training in the school system today. And then you have the other program of training within industry, under O. P. M., and that is spreading down through many of the smaller industries.

Mr. Osmers. So it is not your opinion, summing it up, Mr. Hall, that everyone who becomes unemployed in the next 4 or 5 months is, of necessity, going to go right down to the W. P. A. office and apply for employment.

Mr. HALL. No. You will have certainly a material increase in the applications for relief and W. P. A. but——

Mr. OSMERS. But you don't feel it would reach from 12,000 to 40,000?

Mr. HALL. I don't see how it could.

Mr. OSMERS. What have been the effects on the city of Detroit of the large number of people who live in Detroit when they have a job in Detroit and who migrate elsewhere when they are unemployed?

BUSINESS FOLLOWS SAME CURVE AS EMPLOYMENT INDEX

Mr. HALL. Well, generally, you can figure that the whole economic condition of Detroit swings up and down with the employment index of Detroit's industry, because our whole economic structure is based upon the pay rolls of the community. As those pay rolls go up, generally business goes up; when they go down, business follows.

Mr. OSMERS. These people who leave Detroit when they are unemployed, where do they go?

Mr. HALL. There was a map, Congressman, prepared in 1939 and published in one of your committee's reports, which showed the out-migration from Michigan, and it indicated the unemployed Detroit workers went to every State in the Union.[1]

Mr. OSMERS. Do you feel unemployment-compensation payments have retained workers in Detroit, or helped to retain them here?

Mr. HALL. Not necessarily. If a worker is laid off here and can go back to Kentucky, Indiana, Ohio, or any other State where he might find cheaper living in smaller communities, he will do that.

Mr. OSMERS. Did these men come here primarily to help with new automobile models?

Mr. HALL. There is an accumulation of men who have come into Detroit year after year for the past 10 or 15 years.

Mr. OSMERS. For that purpose?

Mr. HALL. Largely in the automobile industry.

Mr. OSMERS. Do they consider themselves residents of Detroit? Do they vote here, and maintain residences here, and do they send their children to school here?

Mr. HALL. While they are here most of them do.

Mr. OSMERS. On the citizenship or residence question: Do they consider themselves Detroiters? Or Kentuckians or Tennesseans?

Mr. HALL. I think the great majority consider themselves Detroiters—part of Detroit and Detroit's industry.

Mr. OSMERS. I am wondering what they are from a census standpoint.

EXPECTED OUT-MIGRATION

Mr. HALL. They were counted here.

Mr. OSMERS. Now, unquestionably, as the defense program develops, and particularly when the full blow of automobile curtailment is felt in the Michigan area, you are going to lose workers here. You are going to lose skilled workers from the State of Michigan. They are going elsewhere.

Mr. HALL. We anticipate that.

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[1] See H. Rept. No. 369, Report of the Select Committee to Investigate the Migration of Destitute Citizens, p. 496-F.

Mr. OSMERS. They are coming to my State of New Jersey and making airplane motors, and to other places to make guns or something else. Now, are your industrialists preparing some system for bringing those men back? Are they making records of them, where they go and so forth?

EXPECT TO KEEP SKILLED WORKERS

Mr. HALL. We doubt, first, Congressman, that we will lose a lot of skilled men.

Mr. OSMERS. You doubt that?

Mr. HALL. Skilled operators. We believe it is inevitable that we will lose common laborers and unskilled or semiskilled labor. But certainly every effort is going to be made to maintain and to keep within the area all of the skilled operators we can possibly keep here.

Mr. OSMERS. What is your situation with respect to skilled labor? Is there a shortage?

Mr. HALL. In some categories.

Mr. OSMERS. Chiefly what?

Mr. HALL. Mr. Cahn here, I think, probably could give you more information on the skilled trades shortages.

TESTIMONY OF CHESTER A. CAHN, SECRETARY, AUTOMOTIVE TOOL AND DIE MANUFACTURERS ASSOCIATION, DETROIT, MICH.

Mr. OSMERS. What is the situation, Mr. Cahn?

Mr. CAHN. I think we will need skilled workers. There is a definite shortage in almost all categories.

Mr. OSMERS. We shall incorporate your paper into the record, Mr. Cahn, at this point.

(The paper referred to above is as follows:)

STATEMENT BY CHESTER A. CAHN, SECRETARY, AUTOMOTIVE TOOL AND DIE MANUFACTURERS ASSOCIATION

The automotive tool and die industry in Detroit embraces slightly in excess of 200 jobbing shops with employment capacities varying from 10 to 500. The industry is engaged principally in the manufacture of special tools, dies, jigs, fixtures, gages, and special machinery. Its facilities are used by producers in high quantities of metal goods, namely, manufacturers of automobiles, automotive parts and equipment, stoves, refrigerators, tractors, and others.

The demands of the automobile industry require a close association between the purchaser of tools and the supplier and close proximity of the two are essential to efficiency and satisfactory results.

Most of the tools and dies required by the automobile industry are designated for the purpose of model changes, and are usually scheduled for delivery prior to a dead-line date of August 1. At peak, a tooling program uses the total tool and die manpower of the industry. Time occupied in producing tools for model changes, and employment levels vary in accordance with the magnitude of the model change. Extensive changes are accomplished by starting work as early as January 1, and by operating upon a schedule of overtime hours.

RELATION TO DEFENSE

Almost 100 percent of the facilities of the industry are now engaged in defense work for the arsenals, aircraft manufacturers, aircraft engine manufacturers, automobile manufacturers, tank manufacturers, and machine tool manufacturers. The industry is operating upon an overtime basis.

It must be explained that the use of facilities is limited to some extent because there is not sufficient skill to operate all plants on multiple shifts.

EFFECT OF CURTAILMENT

Quantity of production does not bear directly on the number of tools and dies needed for manufacture, but determines the structure and wearing surfaces. After new models are put into production very little of the tool and die industry is required to supply the needs of the automobile industry. Facilities of the captive shops are usually more than adequate to rebuild the tools or dies required as a result of break-downs or engineering changes. Curtailment of production will have little effect on the tool and die industry.

THE EFFECT OF FREEZING MODELS

The question of whether or not the freezing of models will release tool and diemakers for the defense program will depend upon the requirements of the program at the time of the year ordinarily given to model changes; namely, the first 6 months.

Since much of the manpower and a large percentage of the industry are, and have been, devoted to the making of dies, employment of these facilities will depend upon the quantity of dies required henceforth for the defense. It is highly probable that much of the equipment, particularly adapted to die manufacturing, will become idle.

MIGRATION

A cross section check of the industry indicates that slightly in excess of 2 percent of the manpower engaged in the independent plants have migrated from other areas within the past year.

An accurate check of those who have migrated away from this area is not available but it is doubtful the total equals 1 percent.

TOTAL EMPLOYMENT

The automobile manufacturers, body manufacturers, automotive parts and equipment manufacturers, and automotive tool and die manufacturers, in the Detroit area, employ a total of 20,581 men in tool and die departments, exclusive of apprentices.

TESTIMONY OF CHESTER A. CAHN—Resumed

Mr. Osmers. Are your figures at variance with those of the labor unions? We have had an amazing experience in this committee. We have had one witness follow another, with the manufacturer or employer saying there is a definite shortage of skilled workers, and the labor man immediately contradicting him.

Mr. Cahn. Well, my figures may be at variance with those of labor, but I can show evidence of the fact that there is a desire at the present time for skilled workmen.

Mr. Osmers. That there are jobs open?

Mr. Cahn. There are lots of employment opportunities for skilled workers. Do not understand me to mean all classes of skilled workers. I understand there are pattern makers out of employment, although I have been told that there are opportunities in the shipyards for pattern makers. The probability is that there won't be too many opportunities for pattern makers so long as new models or the present automobile models are frozen, because a lot of pattern makers have been developed to build patterns for the automobile model changes. In referring to pattern makers, of course, I am referring to a very limited group of men. I don't know how many there are. I understand about 500. But that is the only skilled group with which I am familiar that has limited opportunities for employment.

A great many of these men have the ability to do other work. As a matter of fact, I understand that Briggs Manufacturing Co., which is making airplane fuselages and wings, has developed a pattern-making technique to assist them in maintaining models and bringing about changes in models.

ONE HUNDRED AND THIRTY THOUSAND DEFENSE WORKERS IN DETROIT AREA

Mr. Osmers. I see. Now, getting back again, Mr. Hall, to this Detroit situation: There are, I believe, 130,000 defense workers in the Detroit area now. Does that figure about jibe with yours?

Mr. Hall. It was taken from the Stanchfield report.[1]

Mr. Osmers. Yes.

Mr. Hall. I think that is substantially correct.

Mr. Osmers. How many of those are employed by automobile manufacturers in defense?

EIGHTY-ONE THOUSAND AUTOMOBILE WORKERS IN DEFENSE

Mr. Hall. The Stanchfield report indicated, as of November 30, 48,000 would be employed by the 5 principal automobile producers and the 33,000 additional would be employed by the automobile suppliers, which would be a total of 81,000.

Mr. Osmers. Out of 130,000?

Mr. Hall. Yes.

Mr. Lovett. I would like just to put in one more word on this future of employment.

Mr. Osmers. Please do.

COST PER POUND OF INDUSTRIAL PRODUCTS

Mr. Lovett. Your skilled labor, of course, is going to become increasingly scarce, because an automobile, for instance, sells for 25 cents a pound, while a tank like Chrysler is making, I think, sells for much more—perhaps $2 or $4 a pound; the Bofors machine gun sells for about $5 a pound; and Pratt & Whitney engines or Wright Cyclones sell for about $25 a pound. That is skill. That is all skilled labor in there.

Mr. Osmers. That is the factor that makes the difference?

Mr. Lovett. Yes; that is the factor that makes the difference in cost.

Mr. Osmers. There is just as much material in a pound of automobile as there is in a pound of airplane motor, but the degree of skill is greater?

Mr. Lovett. That is right. And that is a pretty good basis for you to chart your future use of skill.

Mr. Osmers. Do you expect, Mr. Lovett, any substantial reduction in the cost per pound of airplane motors as we really swing into mass production on them?

Mr. Lovett. I think you will get some decrease in cost, but not a great deal. Labor is a very important factor, and those motors are all very close-limit jobs, as you know. They are precision jobs, to two ten-thousandths of an inch, and that is close work. And that is where your cost comes in. The material is no higher priced than the material that goes into an automobile.

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[1] See p. 7189.

Mr. Osmers. Yes; I guess that is true. Now, Mr. Hall, do you think that multiple-shift operations will have the effect of keeping your workers here in Michigan?

Mr. Hall. Could have. That would be, of course, a matter largely of negotiation between plant management and the unions.

Mr. Osmers. What are the possibilities in that respect? Are most of your defense plants now working multiple shift?

MULTIPLE SHIFTS

Mr. Hall. It depends on the volume of business they have. If they are loaded up, they are working three shifts, 24 hours a day and 7 days a week.

Mr. Osmers. Certainly that would be a much better solution—the multiple shift plan—than having men traveling all over the country seeking employment.

SENIORITY AS AID TO RETENTION OF SKILLED WORKERS

Mr. Hall. Mr. Congressman, the OPM Committee that has been meeting here in Detroit for the past 2 weeks is trying to work out a way of preventing loss of skilled workers. Under this plan, the first men to be transferred from nondefense to defense within the plant that has the defense contract will be the oldest, those with greatest seniority; and then, after those, the men who are qualified for the job—for the new defense job; after that, they are trying to establish that other defense contractors, seeking additional help, will apply to the Michigan Placement Service, and men will be taken from those still remaining on nondefense with the greatest amount of seniority and qualifications for the new defense job. That will have an influence in helping retain our skilled workers in the area.

FEARS FOR AUTOMOBILE DECENTRALIZATION

Mr. Osmers. Is there any concern in Michigan about the spreading out of all these mass-production industries, and is there any fear that it may lead to a decentralization of the automobile industry?

Mr. Hall. We at the board of commerce are greatly concerned about that problem. You can understand that when we have five or six billion dollars of additional plant—defense-plant facilities being created and tooled up and machined throughout the United States—when this thing is over, many of those plants with excellent machine-tool capacity will be in areas with a much lower wage schedule than the Detroit area and the southeastern Michigan area, and you can also appreciate that after the defense emergency is over, there is going to be a period of tremendous competition, in which business is going to the producer who is able to produce the best product at the lowest price and get the greatest distribution; so that ahead of Detroit lies a period when we are going to have to do a tremendous job of planning today, and from today on, to meet the problems that are going to come up 2, 3, 4, or 5 years from now.

Mr. OSMERS. I think, of all of the things that we have considered here this morning, that that probably is fraught with the greatest danger to all parts of the country.

Mr. HALL. Much more serious than this temporary change-over picture.

Mr. OSMERS. And that is serious enough. Because these huge plants that you and I see all over the United States, building motors and airplanes and everything else, certainly will be able to make automobiles if they make enough money during the war to tool them up, and they probably will.

Mr. LOVETT. They will be for sale cheap.

The CHAIRMAN. You lead the Nation now in automobile production, and you may have to take to the air.

Mr. LOVETT. I think we will, Congressman.

Mr. OSMERS. New Jersey will take care of that.

Mr. LOVETT. That is what California is afraid of, Mr. Congressman.

Mr. HALL. I don't think there is any question that through the entry of the productive skill of the automotive industry into aircraft, we are going to find ways to produce airplanes and airplane engines at much less cost than in the past.

Mr. OSMERS. Do you think the so-called seepage-down process will help some of these subcontractors to become prime contractors?

FARMING-OUT OF DEFENSE CONTRACTS

Mr. HALL. I am entirely in agreement with the statemnt of Mr. Lovett. If you gentlemen could appreciate the tremendous farming-out organization that the automotive industry has, you would understand what we mean. I think Mr. Lovett said in his statement, for instance, that the Ford Motor Co. has 7,000 suppliers. Now, the engineering and purchasing departments of the Ford Motor Co. know immediately what each of those 7,000 firms are able to produce. They know the tools they have on hand; they know the management's skill and ability; and certainly they are in much better position to farm that production, down to the person who is best able to produce it in the shortest possible time. I entirely agree with Mr. Lovett's suggestion that if the purchasing agencies of the Army and Navy and Air Corps and all other governmental agencies would spread the contracts and the blueprints and specifications out to Detroit as soon as they spread them in Washington and other places, we could probably step up the farming-out process much faster than any other method you could devise.

Mr. OSMERS. In other words, it will have to come from the top and then depend upon the pressure to shoot it out at the bottom.

Mr. HALL. Let me give you a definite example of that. The Continental Motors is producing an aircraft engine for the tanks that are being manufactured here. They received requests some few weeks ago to step up production. Immediately they realized they were going to need help to do it. Consequently, they have been farming out much of their work, and they will have to farm out much more, so through the defense contract service office they have set up an exhibit of 50 different pieces of that engine, and have invited 600 Detroit and Michigan manufacturers to look at that exhibit and see what they could produce. As a result, they were able to find production facilities and farm out the work.

Now, today, in that same office they have three separate defense contractors, with exhibits, and there is a constant stream of Detroit and Michigan manufacturers, going in and looking at the pieces, seeing what it will require to produce them. If they can produce them, there is an order, and they go to work on it; and I think a considerable improvement certainly has taken place in the last couple of months in the farming-out process.

Mr. CAHN. I would like to express the same point of view, but from a different angle, in connection with the large manufacturers who are subcontracting the work.

DIRECT SUBLETTING BY MANUFACTURERS ADVOCATED

The majority of those 7,000 suppliers that Ford has on his list would rather deal with Ford because in the first place they want the goodwill of the Ford Motor Co. Secondly, and very important, a committee went to the office of contract distribution, as a result of an investigation from Washington, and we looked at the equipment they had, and we were advised by the agents there that the blueprints and that equipment "may be sent to 1 or 1,000 suppliers."

Well, of course, the man who does the estimating from those blueprints is one of the most important men in the organization of any of these shops. His time is valuable, and supposing that one item of $5,000 went to 1,000 firms, and was estimated by 1,000 estimators, you can well understand that the cost of estimating it would be many times the cost ot that article.

Now, that isn't the ordinary practice in the automobile companies. They have five or six companies that will build that particular item, and they will send their blueprints and specifications to those five or six companies. Consequently, instead of 1,000 highly paid and important estimators, estimating on 1,000 blueprints for a $5,000 job, here are only 5 or 6 estimators.

Mr. OSMERS. I can easily see how the cost of estimating any complex article might exceed the cost of the article itself if you carried this process out to a ridiculous extreme.

Mr. CAHN. That is right.

Mr. OSMERS. Now, to go into another subject. We have learned that 45 percent of the revenue of Wayne County is distributed to the rest of the State. Is that right, Mr. Hall?

WAYNE COUNTY PAYS MORE THAN ITS PROPORTIONATE SHARE OF TAXES

Mr. HALL. I don't understand that formula, Congressman. The formula that we complain about is that 50 or 60 percent of all the State revenues come out of business and industry and the individual in Wayne County, and our complaint is that we get back through the distribution of State aid only about 30 or 35 percent of the total State distribution. That differential between what we pay in and what we don't get back is what we are complaining about.

Mr. OSMERS. That is, it is distributed among the less prosperous counties of the State?

Mr. HALL. That is correct.

Mr. OSMERS. I think every State in the Union has that complaint.

Mr. HALL. Yes; Chicago and New York and all the other big cities.

Mr. OSMERS. After this defense program is over, undoubtedly a good many people who have come to Detroit to participate in it will return to the States and counties from which they came. Will that have the effect of easing Detroit's burden?

Mr. HALL. Somewhat. That is our usual experience. It may create a relief problem in the Upper Peninsula. In many smaller communities it may accentuate the relief problem.

Mr. OSMERS. There has been a great deal of talk and rumor about the bottleneck in machine tools in the United States. Do you feel that we have not developed our machine tool facilities to their fullest extent?

PRACTICES LEADING TO LABOR PIRACY

Mr. CAHN. I think the machine tool people have done quite a job, although I do feel that perhaps they have been a little careless in the issuance of priorities on machine tools. As you probably know, there is a decided lack of skilled labor here in Detroit, particularly in connection with the making of gages, which calls for a high degree of skill. Recently machines have been released to Detroit, to develop new companies for the manufacture of gages. It doesn't seem reasonable, in view of the fact that we haven't men enough to man the machines we have now. If those machines were issued or given out to develop and round out the companies that are now operating, they would serve a useful purpose, but I think that they are really lost because the men who operate those machines must be taken from somebody else.

Mr. OSMERS. You mean it is going to lead to labor piracy?

Mr. CAHN. It has led to labor piracy.

Mr. OSMERS. And not increased production? Does it mean that they are just going to be shuffling the people around, and will it lead to rather unhealthy labor and business situations, stealing men from other industries?

Mr. CAHN. Yes, sir; it has led to that. I have one instance in mind. A new plant started, and it took the entire second shift from another plant that was making gages entirely for defense.

Mr. OSMERS. What proportion of these tool and die people have been working on automobile production during the last 6 months?

Mr. CAHN. Oh, quite a considerable number of die people.

Mr. OSMERS. I just have one more question, Mr. Chairman, and I will direct it to one or all of the gentlemen here. Would you care to make any comment or any suggestion on the Governmnt's labor policy with respect to these defense industries? Don't all speak at once.

Mr. LOVETT. We might like to, but whether we should or not is another matter.

Mr. OSMERS. I will leave it entirely to you. If you care to put anything in the record or make any suggestions with respect to improving it, I would like to have them.

DEFINITE LABOR POLICY NEEDED

Mr. LOVETT. I would be willing to say this: I think the Government must get a labor policy pretty soon.

Mr. OSMERS. A book of rules?

Mr. LOVETT. Yes.

Mr. Osmers. That everybody should follow—labor and employers together?

Mr. Lovett. That is right. As it is now nobody knows what is going to happen or what decision they may make in one case as opposed to another case.

I think the shipbuilding case is a good point. They got themselves out on a limb and now they are scrambling around trying to get back somewhere. I think they would have been wise if they had done as in the last war—said at the very beginning of the defense program that the status quo shall be maintained and that they would not use the defense program as a means of promoting either side.

Mr. Osmers. Have you found evidence, Mr. Lovett—or again, any of you gentlemen—that the Government has been using the defense program as a lever to bring about social objectives that they may have in mind?

Mr. Lovett. That has been the complaint. I don't know that I would phrase it just that way, Congressman. I would say that the lack of a policy by the Government has caused some labor leaders to take advantage of the situation and try to bring out things that they couldn't otherwise have brought about except under the pressure of the defense program. There is a lot of comment, prejudiced or not, that the important thing in the minds of some of the gentlemen who are running the defense program is social changes, ahead of defense production. That comment is heard frequently.

LABOR AGREEMENT FOLLOWED BY STRIKE

Mr. Osmers. In company with the rest of the committee, I visited the Federal Shipbuilding & Dry Dock Co. in Camden, shortly before the strike there, not because there was going to be a strike, but because it was an important defense point; and my recollection is that all the shipyards on the eastern coast had entered into an agreement that was satisfactory to labor and governed wages, hours, and conditions of employment. It came as rather a shock, at least to me as a member of the committee, on the heels of that to find this strike, which strikes at the very heart of our defense program, right at the first line of our defense. Isn't it your understanding that that agreement had been negotiated, providing that there would be no strikes and that both labor and industry were satisfied?

Mr. Lovett. That is exactly right. I understood they had an agreement and that all of these questions had been settled or were to be taken up through mediation, without first striking. They were to take them up ahead of a strike.

The same thing is true, more or less, on the Pacific coast.

Mr. Osmers. I think the tragedy of the situation is demonstrated by the young woman who was before the committee this morning. The strike in Muskegon is going to be mediated by a Government body anyway, but they are going to be deprived—those strikers—of food and shelter while steps are being made to settle their differences, and it is rough on the workers, very rough.

Mr. Lovett. Well, I agree with what she said about it. I think that is our experience. I don't believe they gain anything by the strike—not nearly as much as through the mediation process without a strike.

We have had two or three strikes here in Detroit with which I am quite familiar. One case was a brass company. The Federal mediation board set a wage scale for the Waterbury, Conn., brass industry—that whole east coast brass industry. This particular firm in Detroit is paying 7 cents an hour above that wage, set by the Board, and yet the men went on strike. Three hundred and some out of one thousand voted for a strike for 25 cents an hour increase, when their pay was 7 cents above the rate set by the mediation board.

Mr. OSMERS. The general public's concern, from my personal experience with it, has not been so much with the strike that is caused through a desire to obtain certain hours or increased wages, but with the strike that seeks to do neither of those things, but to work out some other objective——

Mr. LOVETT. Closed shop, check-off, or something else.

Mr. OSMERS. Everybody who goes into a grocery store or a meat shop knows that the costs of living are increasing sharply, and we know there are going to have to be increases in wages in many instances, but I hate to see all of the gains of those increases in wages lost through a period of 3 or 4 months of strikes before they get the increased wages.

Mr. LOVETT. I agree with you. I think that the public's reaction is just as you say.

The CHAIRMAN. Gentlemen, there is no use saving this Nation the first morning of our hearing. We have more witnesses to hear today—some very important witnesses—and we want to thank you very much for appearing here. We probably could sit days or weeks, discussing the problem before us; but I want to say again that we appreciate the contribution which you have made to the committee. We still stand adjourned until 2 o'clock.

(Whereupon, at 1:40 p. m., the committee recessed until 2 p. m.)

NATIONAL DEFENSE MIGRATION

TUESDAY, SEPTEMBER 23, 1941

House of Representatives,
Select Committee Investigating
National Defense Migration,
Washington, D. C.

AFTERNOON SESSION

The committee met at 2 o'clock p. m.

The Chairman. The committee will please come to order.

Mr. Stanchfield is our first witness.

TESTIMONY OF PAUL L. STANCHFIELD, CHIEF OF RESEARCH, STATISTICS AND PLANNING SECTION, MICHIGAN UNEMPLOYMENT COMPENSATION COMMISSION, DETROIT, MICH.

The Chairman. Mr. Stanchfield, Congressman Curtis will interrogate you.

Mr. Curtis. Mr. Stanchfield, will you give your full name to the reporter, please?

Mr. Stanchfield. Paul L. Stanchfield.

Mr. Curtis. And your position?

Mr. Stanchfield. Chief of Research, Statistics and Planning Section, Michigan Unemployment Compensation Commission.

Mr. Curtis. You appeared before this committee once before, did you not?

Mr. Stanchfield. Yes, sir; I saw you in Chicago.[1]

Mr. Curtis. Mr. Stanchfield, you have prepared a valuable and detailed statement.

(The statement referred to above is as follows:)

STATEMENT BY PAUL L. STANCHFIELD, CHIEF OF RESEARCH, STATISTICS AND PLANNING SECTION, MICHIGAN UNEMPLOYMENT COMPENSATION COMMISSION

Defense Migration in Michigan—Past Patterns of Migration and Future Problems Resulting from Production Quotas and Priorities

This report presents selected data on the extent and character of migration which has already occurred in Michigan as a result of the defense program, and a discussion of future migration problems which may result from dislocation of labor caused by automobile production quotas, material shortages, or other factors related to the defense program. As background material, the report also discusses the normal migration pattern of Michigan industrial workers, and the character and location of Michigan's industries.

The rapidly growing mass production industries of Detroit and other manufacturing centers have in the past drawn a considerable part of their labor supply from rural Michigan and from other States. Between 1920 and 1930, the population of four principal automobile manufacturing counties increased by more than 400 percent. Most other industrial counties also grew rapidly. In the same period most of the counties in the cut-over area and the Upper Peninsula were losing population by migration.

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[1] Mr. Stanchfield testified on August 21, 1940. See Chicago hearings, pp. 1195-1215.

The expanding industrial centers also drew workers from other States and from foreign countries—so that in 1930 nearly a quarter of Michigan's residents were natives of other States, and nearly one-fifth were foreign born. Prior to 1910, most of the migration into Michigan was from the East, but since then the Southern States have been an important source of labor.

In depression periods, the trend of migration is reversed, with industrial workers moving back to the rural areas of Michigan or to other States. This type of movement is reflected in unemployment compensation claims filed in other States against the Michigan fund by former Michigan workers. In 1939, about 20,000 individuals filed such claims—and only about 20 percent of these involved movement to adjacent States, while 80 percent were in nonadjacent States. A relatively large part of the interstate claimants moved from Michigan to States in the Appalachian area (Kentucky, Tennessee, Pennsylvania, and West Virginia). New York, California, and Missouri also were important.

IMPACT OF AUTOMOBILE PRODUCTION QUOTAS

The impact of passenger car production quotas will be felt severely in Michigan because of the predominance of the automobile industry in the State's economic structure. Nearly two-thirds of the 1,250,000 workers covered by the Michigan Unemployment Compensation Act are employed in manufacturing. The automobile industry, together with steel, machinery manufacturing, and other industries related to automobile production, employ more than three-quarters of all manufacturing wage-earners in Michigan, and almost half the total number covered by unemployment compensation.

The predominance of the motor industry is even greater in Detroit and other important cities. Nearly four-fifths of Wayne County's industrial workers are engaged in production of automobiles, bodies, and parts, or in closely related industries. The motor industry furnishes nearly all of the factory jobs in Flint and Pontiac, and well over half the manufacturing employment in Lansing and Saginaw.

Outside these five cities, the direct impact of automobile quotas will be less severe, but serious dislocation of labor may result from interruptions of civilian production which may be caused by material and equipment shortages in such cities as Grand Rapids, Kalamazoo, Battle Creek, and Jackson.

Some of the State's smaller cities, dependent in some cases on a single nondefense industry, may experience serious crises as civilian production is curtailed.

With primary defense contracts amounting to more than 1½ billion dollars, and subcontracts and indirect defense work bringing the total close to $4,000,000,000, Michigan's industrial centers will play a major role in defense production. New job opportunities in defense industries, and boom-time production in consumers goods industries, have led to considerable migration of workers to Detroit and other industrial centers in the past year. Over 26,000 of the 108,000 workers who filed new applications for work at Detroit employment offices in the 13 months ending August 1941 were last employed outside the Detroit area. The number of migrant applicants has increased steadily during the 13-month period. The total of 26,300 includes about 7,100 workers from other parts of Michigan, 5,800 from the Great Lakes area, 5,100 from the South, 4,100 from eastern States, 3,700 from States west of the Mississippi, and about 500 from foreign countries, including Canada.

COMPENSATION CLAIMS AS EVIDENCE OF MIGRATION

Less than 18 percent of the migrant applicants were skilled workers, while about half of them had occupational backgrounds which appear unsuitable for defense employment—including unskilled, service, clerical, sales, and agricultural occupations.

Other evidences of migration are found in initial claims for unemployment compensation filed by workers previously employed in other States, which increased by 21 percent from 1940 to 1941, while intrastate claims were declining sharply. Almost all of the increase in interstate claims was in industrial centers in the southeastern section of the State.

Wage records of the Unemployment Compensation Commission show that a total of 66,000 workers who first obtained their social security numbers in other

States, but were not employed in Michigan in the first quarter of 1940, earned wages in covered employment in Michigan later in 1940 or in the first quarter of 1941. Of these, 45 percent came from Great Lakes States, 18 percent from the Middle Atlantic States, 9 percent from the South Central States, 7 percent from the South Atlantic States, and 13 percent from the Plains States. Other areas—the Pacific Coast, Mountain, and New England States—were of relatively minor importance. In addition to the Detroit area, employment offices in Flint, Saginaw, Pontiac, and other centers in southeastern Michigan have reported a more or less continuous influx of migrants from other States or from other parts of Michigan. Muskegon, with a high volume of defense work, has drawn workers from Grand Rapids and northern Michigan.

Areas in Michigan from which workers have migrated include the Upper Peninsula and the cut-over area. While most of the migrants have sought work in southern Michigan industrial areas, some miners from the Upper Peninsula have gone to other States. Some of the less active industrial centers, such as Kalamazoo and Grand Rapids, have lost workers to Detroit and other centers of expanding employment.

Production quotas and material shortages will cause a considerable amount of unemployment in Michigan in the next several months unless it is possible to accelerate defense production. A 50 percent curtailment would eliminate about 175,000 nondefense jobs in the automobile industry by January 1942—and in spite of off-setting increases in defense work, net unemployment in January will affect at least 54,000 workers in the Detroit area, 17,000 in Flint, and from 4,000 to 6,000 in Pontiac, Lansing, and Saginaw. Adoption of a 32-hour week would reduce but not eliminate this unemployment. A more detailed discussion of the dislocation of labor expected in important cities, and the limitations of the data on which the estimates are based, is presented in section IV of this report.

CURTAILMENT IN OTHER INDUSTRIES

Outside the automobile centers, considerable unemployment may result from curtailed production (caused by material shortages if not by quotas) in many other industries using materials essential to defense. In Grand Rapids and Muskegon, for example, unemployment from this source may be severe.

Since this dislocation of labor, in the absence of counter measures, may stimulate migration away from Michigan's industrial centers, there is a real danger that essential workers will be unavailable when defense production reaches its peak in 1942. In order to meet this problem, it is essential for the State and Federal Governments—in cooperation with industry and labor—to take every possible step to protect the economic security of displaced workers. to speed up the expansion of defense jobs, and at the same time to prevent further migration to Michigan industrial centers, which might only multiply existing problems.

Such possibilities as the liberalization of unemployment compensation, the development of training programs which furnish at least a subsistence income, and the assignment of defense contracts to concerns and areas most severely affected by quotas and priorities, must be energetically explored.

Section I. Normal Migration Pattern of Michigan Industrial Workers

Prior to the defense program the migration of workers to industrial centers has played a vital part in the growth of Michigan industry. Since the turn of the century, rapidly growing industries such as automobile manufacturing and the manufacture of refrigerators, heating equipment, and household appliances have required continually more manpower than has been available in the various manufacturing centers of the State. High wages and high living standards in industrial centers such as Detroit, Flint, Lansing, and Saginaw have attracted workers not only from rural parts of the State but from other States and other lands. Thus, a large part of the population of Michigan industrial centers consists of workers who formerly lived in other areas and their families. The rapid growth of Michigan industry would have been impossible without these shifts in population.

The movement into industrial centers which marks periods of rising industrial activity is reversed in periods of depression such as the early 1930's. During such periods unemployed industrial workers who have migrated from communities in rural Michigan and other States tend to return to their home communities and lower living costs. Rising business activity, however, finds many of these workers or their friends and neighbors returning to the industrial centers of the State for employment in mass production industries at high wages.

A. THE RISE OF MICHIGAN'S INDUSTRIAL POPULATION

In the late 1800's Michigan's working population was predominantly engaged in agriculture, forestry, fishing, and mining, which accounted for 45 percent of all gainful workers in the State in 1880. In 1900 these three basic industries accounted for 37 percent of all Michigan gainful workers but by 1930 they accounted for less than 15 percent. During this period there was a marked increase not only in the proportion of workers engaged in manufacturing and mechanical industries but also in related pursuits such as transportation, communication, trade, and professional and clerical services.

More striking than the change in the distribution of gainful workers was the actual increase in numbers from 569,000 in 1880 to 906,000 in 1900 and to 1,927,000 in 1930. From 1900 to 1930 the number of workers engaged in manufacturing and mechanical industries increased by 161 percent.

B. SHIFTS IN POPULATION WITHIN THE STATE

In the three decades from 1900 to 1930, the rise of large scale industry and the decline of agriculture, lumbering, and mining brought about rapid and significant changes in the distribution of population within the State. Although the State's population increased by 1,154,000 between 1920 and 1930, nearly all of the increase was concentrated in 26 counties, while 13 counties remained nearly unchanged, and 46 counties experienced population losses. In 4 principal automobile manufacturing counties, population increased from about 455,000 in 1900 to nearly two and a half million in 1930—an increase of more than 400 percent. Ten other important industrial counties also grew rapidly, with an average increase of 73 percent. During the same period, there were only minor increases in the agricultural counties of the southern part of the Lower Peninsula and the Upper Peninsula, and an average decrease of 13 percent in the cut-over area comprising the northern half of the Lower Peninsula.

In each decade, an increasing percentage of the State's workers have been massed in the industrial counties. The four major automobile counties contained less than one-fifth of the total population in 1900 but more than half of the total population in 1930.

While population in the industrial counties was increasing between 1920 and 1930, the cut-over area and the Upper Peninsula were losing population by migration to other areas. By use of data on births and deaths in each county, it is possible to determine what the population would have been at the end of the decade with no migration to other areas. On the basis of these data all but one of the counties in the cut-over area and all but three in the Upper Peninsula lost population by migration in the decade between 1920 and 1930. While the movement from farm to city was sharply reversed during the depression, the expansion of industrial employment since 1935 has again created movement of workers from rural to urban areas.

C. MIGRATION FROM OTHER STATES

Migràtion of workers from rural sections of Michigan has been only one source of the population growth of the large automobile manufacturing centers. According to the 1930 census, only 58 percent of the 4,842,000 persons in Michigan were residents of the State, while 23.5 percent (nearly 1,137,000) were natives of other States, and 17.6 percent (about 853,000) were foreign-born. The principal sources of migration from other States, in order of rank, were Ohio, Illinois, Indiana, Pennsylvania, New York, Wisconsin, Kentucky, and Tennessee. Sixteen percent of the population of Michigan in 1930 consisted of natives of these eight States.

Prior to 1910 most of the migration into Michigan was from eastern States, particularly New York. Since 1910, southern States, particularly Kentucky, Tennessee, and West Virginia have accounted for a large portion of the migration into Michigan industrial centers.

Michigan has long been a favorite center of settlement for the foreign-born. Only four States (New York, Pennsylvania, California, and Massachusetts) had more foreign-born residents than Michigan in 1930 and only seven States had a higher ratio of foreign-born.

D. THE CHANGING DIRECTION OF MIGRATION IN DEPRESSION

With the highest wage rates in the world for unskilled and semiskilled labor, and a relatively high standard of living, Detroit and the other automobile centers have been a magnet for migratory workers during periods of industrial expansion.

The trend was to some extent reversed during the depression years of 1930 to 1935, with thousands of workers and their families moving back to other parts of Michigan or their former homes in other States as unemployment became widespread in the manufacturing cities. The shift from the cities to rural areas and to other States was reflected in school census figures and in the special Michigan Census of Population and Unemployment taken in 1935. The population of most industrial centers showed a decline during this period while rural agricultural areas and cut-over areas of the State showed marked increases.

With the growth of national recovery, from 1935 to 1937, the tide of movement again turned toward the cities and former automobile workers (or their relatives and friends) again moved into such cities as Detroit and Flint in the search for jobs and high wages. While the volume of migration to Detroit in recent years has probably been less than it was in the 1930's, it was substantial even before the defense program created a new stimulus.

E. OUT-MIGRATION OF THE UNEMPLOYED

Two groups of migrants should probably be distinguished. Some of them—probably the majority—found permanent jobs in the industrial centers, made their homes there, and became part of the community. Others—especially those who were unmarried, or who did not bring their families with them—worked in the manufacturing centers only when jobs were available, and then returned to their former homes in rural Michigan or in other States during the off season.

This latter type of movement is reflected to some extent in unemployment compensation claims filed against the Michigan fund, in other States, by workers who formerly worked in Michigan. In 1939, about 20,000 individuals filed such claims—and in the 2 years ending June 1940, it is estimated that at least 30,000 different workers filed claims in other States against the Michigan Unemployment Compensation Fund.

Less than 20 percent of these interstate claims came from States adjacent to Michigan, while 80 percent were from nonadjacent States—with a relatively large part of the total from Kentucky, Tennessee, Pennsylvania, and West Virginia. Other important States to which migration occurred were New York, California, and Missouri.

Many of the interstate claimants had insufficient earnings in Michigan to qualify for benefits, but those who did qualify were primarily manufacturing workers (70 percent) and about 43 percent came from the automobile industry. The percentage of women among interstate claimants was considerably lower than among claimants who filed their claims within the State.

Since 1939, as employment has expanded in the automobile centers, there has been less migration away from Michigan and more migration into the State. The out-movement which occurred during the 1938 depression, however, can be expected to recur in rather similar form if production quotas and priorities create a mass unemployment problem in Michigan.

A supplementary statement on the extent and character of outward migration, as indicated by unemployment compensation records, will be submitted separately.

F. MIGRATION OF NONMANUFACTURING WORKERS

The number of nonmanufacturing workers cannot be ignored in the review of Michigan migration. The fruit and vegetable industry, the beet-sugar industry, the resort industry, and the logging industry depend to a considerable extent upon migratory seasonal workers who return to their home communities in the off-seasons.

The fruit and vegetable industry has been dependent to a large extent upon city families with children who move from locality to locality with the crops. During the past decade the beet-sugar industry has been largely dependent upon Mexican labor from the Southwest for its field work. The resort industry is staffed largely by residents of resort communities, but is also dependent upon students who turn to the resort industry for summer employment and upon migratory resort workers who systematically work in northern resorts during the summer and southern resorts during the winter months. The logging industry is manned to a considerable extent by single unattached men who are not permanent residents of the communities in which they work.

SECTION II. CHARACTER AND LOCATION OF MICHIGAN'S INDUSTRIES

The curtailment of passenger-car production will be felt more severely in Michigan than in any other State, because of the predominance of this single industry in Michigan's economic structure. The development of mass production has brought with it a rapid expansion of factory employment in this State. Some indication of the importance of manufacturing is furnished by the fact that more than 810,000 of the 1,250,000 workers covered by the Michigan Unemployment Compensation Act in December 1940 were employed in manufacturing—approximately two-thirds of the total.

Employment in the manufacture of automobiles, bodies, and parts accounts for nearly half of all factory employment—with a total of 394,000 covered workers in December. The steel industry, which in Michigan is largely dependent on automobile production, employed 95,000 workers at the end of 1940. Other important manufacturing industries, which to a greater or less extent are affiliated with the automobile industry, include nonelectrical machinery manufacturing (73,000 employees), rubber products (11,000), nonferrous metals (22,000), electrical machinery (9,000), and other transportation equipment (5,000). Altogether these selected manufacturing groups employed almost 620,000 covered workers in December—almost half of the total number covered by the Unemployment Compensation Act, and well over three-fourths of the total for all manufacturing industries.

Measured in terms of pay rolls, the predominance of the automobile industry is even greater than it is in terms of employment. In 1940, the wages and salaries of workers employed in the manufacture of automobiles, bodies, and parts (31 percent of covered workers) amounted to $688,000,000 in Michigan—more than 36 percent of the State's total covered pay rolls of $1,908,000,000. Iron and steel, with aggregate pay rolls of $142,000,000, and nonelectrical machinery manufacturing, with $136,000,000, bring the total wages and salaries of workers in the automobile industry and the two most closely allied groups to almost $1,000,000,000 in 1940—and at the end of 1940, when employment on 1941 models was at a peak, wage and salary payments for these industries were proceeding at a rate equal to close to $1,200,000,000 per year. In this quarter, these industries accounted for 45 percent of the State's covered employment, and 51 percent of all covered pay rolls.

The manufacture of durable consumers' goods other than automobiles accounts for a large part of the State's industrial activity. Although these industries have not been affected so far by production quotas, they will be affected in many instances by material shortages under the priorities system. This is particularly true of manufacturers of refrigerators; washing machines and household appliances; furnaces, stoves, and heating equipment; hardware; and metal furniture and utensils.

Any decline in factory employment, resulting from production quotas and material shortages, is certain to have repercussions on other industries, such as trade and service, which exist primarily to serve the wage earners employed in industry. Obviously, a curtailment in automobile production will restrict the employment opportunities of the 38,000 wage earners employed in retail automotive establishments, automobile service stations, garages, automotive finance companies, and other businesses dependent on sales of automobiles. In addition, some 16,000 proprietors are dependent on businesses in this field. Even if the loss of employment in this "satellite industry" is not in full proportion to the curtailment of production, substantial unemployment or reduction of income is bound to occur. Workers in durable consumer goods outlets will be affected in the same way.

The impact of declining factory employment on retail and wholesale trade, service industries, and transportation presents an even greater problem. In Detroit, for example, there are 70 workers engaged in service and trade for every hundred engaged in primary production. Unless the unemployment of automobile workers is minimized or kept to a short duration, it is conservative to estimate that at least 30 or 40 nonmanufacturing jobs will be eliminated for every hundred factory jobs which cease to exist.

A. INDIVIDUAL AUTOMOTIVE CENTERS

In Detroit and other important Michigan cities, the predominance of the automobile industry as a source of manufacturing employment is even greater than would be suggested by the State-wide figures already presented. Wayne County, the automobile manufacturing center of the world, ranks second only to Cook County (Chicago) in the number of manufacturing wage earners employed in 1937. In March of this year, about 499,000 of the 725,000 Wayne County workers covered by the Michigan Unemployment Compensation Act were employed in manufacturing—and nearly 60 percent of Wayne County's factory workers (292,000) were engaged in production of automobiles, bodies, and parts. Other closely related manufacturing industries, likely to be affected indirectly by automobile curtailment are iron and steel manufacturing (with 51,000 covered employees in March), nonelectrical machinery (46,000) and nonferrous metal manufacturing (21,000).

Manufacturing employment in Flint, Michigan's third city, is dominated overwhelmingly by the motor industry—perhaps to a greater extent that in any other city in the United States. Of the 64,000 workers covered by unemployment compensation in March, nearly 50,000 were engaged in manufacturing and about 47,000 of these were in the automobile industry, nearly all of them in General Motors plants.

Pontiac, like Flint, is practically a one-industry city. Of the 45,000 Pontiac workers covered by unemployment compensation in March, 33,000 were engaged in manufacturing activities, and more than 85 percent of these (27,000) were employed by automobile companies.

In Lansing, despite a somewhat larger proportion of employment in trade, service, and Government work, manufacturing is the predominant industry—and nearly 17,000 of the 23,000 manufacturing workers covered by unemployment compensation in March were in the automobile industry.

Saginaw County, with 20,000 manufacturing employees in March, had about 12,000 in automobile parts factories, and more than 5,000 engaged in producing nonelectrical machinery, much of which is used by the motor industry.

B. AREAS DOMINATED BY NONAUTOMOTIVE MANUFACTURING

Automobile factory employment is concentrated primarily in five cities of the southeastern section of the State—and in these cities any reduction of automobile production will have an immediate impact not only on the jobs of factory workers but also of men and women engaged in wholesale and retail trade and the various service industries which exist primarily to serve the factory population. In other sections of the State, production quotas will have a less direct effect, although there are significant numbers of automobile workers in such cities as Bay City and Grand Rapids. However, the principal unemployment problem which exists in such cities as Grand Rapids, Muskegon, and Kalamazoo will result from possible interruptions of civilian production which are caused by material and equipment shortages rather than by the automobile quotas themselves.

Although Battle Creek is predominated by the processed cereal industry, it also has a number of durable goods manufacturing industries, such as printing presses, auto parts, stoves, steel and wire, and cooking utensils, which may be affected by materials shortages. Its most important national-defense industry is Fort Custer, which initiated a huge expansion program at the beginning of the defense emergency. This building program drew thousands of workers into the Battle Creek area.

The Grand Rapids and Holland area has been engaged to some extent in the manufacture of automobile parts and equipment. The manufacture of furniture, electrical household equipment, stoves, and furnaces accounts for, by far the greatest proportion of its manufacturing. Industry is much more diversified in this area than in the automobile centers. It has a large proportion of small establishments, many of which are in various types of metal processing which may be affected by material priorities. So far, this area has received a very small number of national-defense contracts.

Jackson manufacturing has been devoted to automobile parts and equipment, to electrical automotive parts and household appliances, and radios, and the production of industrial grinding wheels, drills, and tools. Since the beginning of the national-defense program, new firms have established plants in Jackson for defense production which may offset unemployment resulting from materials shortages and automobile quotas.

Although Kalamazoo is noted as a paper manufacturing center, it is also an important stove and furnace manufacturing center, and produces considerable industrial machinery, tools, dies, and machine-shop products.

Large national-defense contracts have resulted in considerable industrial expansion in Muskegon, since the beginning of the national-defense program, making this city an important center for the migration of industrial workers. Since it is a large producer of refrigerators, metal furniture, and various metal products, it may be affected greatly by material shortages under the priorities program.

C. NONINDUSTRIAL AREAS AND ONE-INDUSTRY TOWNS

The Upper Peninsula of the State, which has been noted for its mining and lumbering industries, will probably experience increased activity under the national-defense program. Some mines, which were inoperative for years, are now being worked to provide defense materials, while the demand for domestic wood pulp for the paper industry has been rising due to the fact that the European pulp supply has been cut off by the war. The northern part of the Lower Peninsula, which is predominantly cut-over and reforested land, has been little affected by the national-defense program.

Many of the small cities of the State which have single industries may be seriously affected by material shortages and production quotas. While manufacturing in such cities accounts for only a small portion of the industrial production of the State, the closing of a single plant may create serious crises in individual communities concerned. Lack of materials for stove production, as an example, would deprive Dowagiac of its most important source of employment.

Industries such as the beet-sugar industry in the Saginaw Valley and Thumb area, and the fruit industry of the Lake Michigan area have been little affected by production quotas and priorities, but may be sorely affected by tightening labor-market conditions which are diverting migratory part-time workers who have been traditionally employed by these industries into defense employment and into the military forces. While agriculture and industries dependent on agriculture have not been seriously affected during the 1941 season, more serious labor shortages may be expected in 1942 or after.

D. DEFENSE POTENTIALITIES OF MICHIGAN INDUSTRY

As the traditional centers of mass production industry in the United States, Detroit and the other automobile cities will play a major role in defense production. Primary defense contracts for more than one and a half billion dollars have been awarded to Michigan industry to date, and additional subcontracts and indirect defense work amount to over $2,000,000,000. Eventually, when the transition from civilian to defense work has been completed, Michigan's factories will have need for all their present workers, and perhaps for even more. Much of the unemployment which may occur in the next few months represents only a temporary problem, and a period during which we must make efforts to keep our working force intact in preparation for the time when planes and other armaments are rolling out of Michigan factories in overwhelming amounts. Some automobile workers, however, may not be able to find employment in defense industries because of the special skills required. In addition, there is likely to be continuing dislocation in nondefense employment throughout the defense period due to changing and increasing demands for materials for defense.

By their very nature, Michigan's industries are potentially convertible to defense production. In July a survey by the State employment service showed that the automobile industry and other metal fabricating industries which might be adapted for defense production employed more than 682,000 workers. Of this total, more than 196,000, or 29 percent, were already engaged on defense work. About two-thirds of these (123,000) were in the Detroit area, while there were already about 9,000 defense jobs in Muskegon, 9,000 in Pontiac, 7,300 in Bay City, 6,400 in Saginaw, 5,600 in Jackson, and 5,200 in Battle Creek. To date, the conversion to defense production has proceeded more rapidly in nonautomotive industries than in the automobile plants. The next phase of the defense expansion involves accelerated conversion of the automobile plants, with some temporary dislocation of labor, and the prospect of an eventual peak of employment as high as or higher than anything in the past.

Section III. Pattern of Migration During the Past Year

The rapid expansion of both defense and nondefense employment in Michigan's industrial centers during the past year has brought with it a considerable migration of workers. In general, this has been a movement toward the principal industrial centers especially those in which there were important defense contracts, or in which there was a boom in production of civilian commodities.

Because increasing employment during the past year has been due partly to rises in automotive production and partly to defense expansion concentrated in automotive, centers, the general pattern of in-migration has been quite similar to the movement which has previously occurred when automobile production has reached high levels. Many of the in-migrants are undoubtedly workers who have previously been employed in Michigan's industrial centers, especially in 1929 and 1937. The prospect of thousands of new factory jobs has encouraged workers to move to such cities as Detroit, Flint, Pontiac, and Muskegon, both from rural Michigan and from other States.

The Federal and State Governments, through the public employment service system and the Office of Production Management, have attempted to prevent unnecessary migration. The clearance system of the public employment offices is designed specifically to encourage migration only when a shortage of workers actually exists in a community. Local labor market information is used in an effort to keep workers from leaving areas in which job opportunities will soon be available. Because of the Nation-wide coverage of the clearance system, the Office of Production Management has urged employers to use the employment service whenever it appears necessary to recruit nonlocal workers.

In spite of efforts to restrict migration, however, there is a good deal of evidence that many thousand workers have come to Michigan from other areas without any definite jobs offered to them in advance.

Although a large proportion of the migrants have nevertheless found jobs, much of the movement has been undesirable and unjustified, since local workers have been available and have been given preference for most of the new jobs which have developed. As a general rule, Michigan employers have preferred to hire local residents, and have discouraged applications from the migrant group. Also, many of the migrants have lacked the occupational qualifications which are needed in defense jobs or in other expanding types of work. As a consequence, there is some evidence that many of the migrants have not stayed in Michigan, but have continued to travel in search of work. In this section of the report, the following types of data on recent migration will be considered:

(a) Analysis of "new applications for work" filed in Detroit offices of the employment service during the past year by workers who had never previously registered in that area.

(b) Claims for unemployment compensation benefits filed in Michigan by workers previously employed in some other State.

(c) Studies of the wage records of the Michigan Unemployment Compensation Commission to determine how many workers with Social Security numbers originally assigned in some other State were working in Michigan in 1941, although they had not been employed in this State at the beginning of 1940.

(d) Comments on migration into or out of the labor market areas served by individual offices of the Michigan State Employment Service, based on narrative labor market reports submitted monthly by the local offices.

Later sections of the report will deal with future migration which may result from curtailment of nondefense automobile production or from unemployment caused be material and equipment shortages resulting from the defense program.

A. NEW APPLICATIONS FILED BY MIGRANT WORKERS IN DETROIT EMPLOYMENT OFFICES, AUGUST 1940 TO AUGUST 1941

Because of the concentration of heavy industry in the Detroit area, a considerable part of the defense migration during the past year has involved a movement from other areas to Detroit or its satellite communities. Since August 1940, a sample of new applications filed in offices served by the Detroit Central Placement Office has been analyzed to determine how many registrants were last employed in some other area.

Figures based on this analysis are summarized in tables 1 and 2. The first of these tables presents figures for each month in the period, surveyed while the second analyzes the data in terms of occupation. (In the tables, the data from the sample are expanded to estimated totals based on the total number of new applications in each month. A new application is an application for work received from an individual for whom the local office has no record of a previous registration.)

TABLE 1.—*Analysis of new applications* [1] *accepted by Detroit area offices, by location of last employment prior to registration* [2] *August 1940 to August 1941*

Month	Total all locations	Location of last employment prior to registration				
		Detroit	Applicants with last employment outside Detroit			
			Total	Michigan	Great Lakes States	All other locations
Total, 13 months	108, 038	81, 720	26, 318	7, 132	5, 775	13, 411
August 1940	3, 686	2, 994	692	158	151	383
September	4, 034	3, 135	899	250	177	472
October	5, 304	4, 036	1, 268	345	255	668
November	4, 503	3, 355	1, 148	311	252	585
December	6, 002	4, 670	1, 332	414	246	672
January 1941	8, 020	6, 144	1, 876	497	425	954
February	8, 307	6, 827	1, 480	469	386	625
March	13, 053	10, 813	2, 240	592	481	1, 167
April	9, 353	7, 208	2, 145	506	483	1, 156
May	10, 800	8, 136	2, 664	617	638	1, 409
June	12, 933	9, 501	3, 432	887	795	1, 750
July	11, 849	8, 170	3, 679	911	755	2, 013
August	10, 194	6, 731	3, 463	1, 175	731	1, 557
PERCENT DISTRIBUTION						
Total, 13 months	100	75. 6	24. 4	6. 6	5. 4	12. 4
August 1940	100	81. 2	18. 8	4. 3	4. 1	10. 4
September	100	77. 7	22. 3	6. 2	4. 4	11. 7
October	100	76. 1	23. 9	6. 5	4. 8	12. 6
November	100	74. 5	25. 5	6. 9	5. 6	13. 0
December	100	77. 8	22. 2	6. 9	4. 1	11. 2
January 1941	100	76. 6	23. 4	6. 2	5. 3	11. 9
February	100	82. 2	17. 8	5. 6	4. 7	7. 5
March	100	82. 9	17. 1	4. 5	3. 7	8. 9
April	100	77. 1	22. 9	5. 4	5. 2	12. 3
May	100	75 3	24. 7	5. 7	5. 9	13. 1
June	100	73 5	26 5	6. 9	6. 1	13. 5
July	100	69. 0	31. 0	7. 7	6. 3	17. 0
August	100	66. 0	34. 0	11. 5	7. 2	15. 3

[1] Applications received from individuals never before registered in the office taking the applications.

[2] Figures obtained by expanding from a sample consisting of new applications received on 2 days of each week.

TABLE 2.—*Analysis of new applications*[1] *received by Detroit area offices, by occupational division and location of last employment prior to registration,*[2] *August 1940 to August 1941*

Occupations	Total, all locations	Location of last employment (or training) prior to registration in Detroit							
			Applicants with last emlpoyment outside Detroit						
		Detroit	Total	Michigan	Great Lakes	East	South	West	Foreign
Total, all applications	108,038	81,720	26,318	7,132	5,775	4,097	5,121	3,712	481
Total, by occupation	98,620	74,411	24,209	6,527	5,483	3,852	4,734	3,476	137
Professional and managerial	5,633	4,103	1,530	438	376	284	174	241	17
Clerical and sales	17,036	13,476	3,560	834	868	674	525	624	35
Service	12,915	10,259	2,656	646	530	487	615	373	5
Agriculture, forestry, fishing	733	305	428	164	35	15	145	69	------
Skilled	16,477	12,160	4,317	1,115	1,091	697	780	609	25
Semiskilled	31,538	23,378	8,160	2,407	1,885	1,188	1,573	1,058	49
Unskilled	14,288	10,730	3,558	923	698	507	922	502	6
Occupational class not available	2,578	1,812	766	131	103	86	80	67	299
No work history	6,840	5,497	1,343	474	189	159	307	169	45

PERCENTAGE DISTRIBUTION OF OCCUPATIONALLY CLASSIFIED APPLICATIONS

	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Total, all applications	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Professional and managerial	5.7	5.5	6.3	6.7	6.9	7.4	3.7	6.9	12.4
Clerical and sales	17.3	18.1	14.7	12.8	15.8	17.5	11.1	18.0	25.6
Service	13.1	13.8	11.0	9.9	9.7	12.6	13.0	10.7	3.6
Agriculture, forestry, fishing	.7	.4	1.8	2.5	.6	.4	3.1	2.0	------
Skilled	16.1	16.4	17.8	17.1	19.9	18.1	16.5	17.5	18.2
Semiskilled	32.0	31.4	33.7	36.9	34.4	30.8	33.2	30.4	35.8
Unskilled	14.5	14.4	14.7	14.1	12.7	13.2	19.4	14.5	4.4

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[1] Applications received from individuals never before registered in the office taking the applications.

[2] Figures obtained by expanding from a sample consisting of new applications received on 2 days of each week.

About 26,300 of the 108,000 workers who filed "new applications" during the 13 months ending August 31, 1941, were last employed outside the Detroit area. About 7,100 (6.6 percent) came to Detroit from some other part of Michigan, and about 19,200 (17.8 percent) were migrants from other States. More than two-thirds of the interstate migrants (about 13,400) had come from States not adjacent to Michigan, primarily from the South and the West.

The number of new applicants whose last employment was outside Detroit has increased steadily during the 13-month period. In August and September 1940 less than 900 "migrant applications" were filed per month, but the monthly number rose to 1,332 in December, 2,240 in March and reached its peak with a total of between 3,400 and 3,700 per month in June, July, and August of this year.

Part of the increase in migrant applications may probably be explained by more general use of the employment offices, since the total volume of new applications (including local workers) also increased during the same period. In March, the total volume of new applications was especially stimulated by a worker recruitment campaign designed to obtain full registration of the available labor supply.

The proportion of new applications filed by workers last employed outside Detroit rose from 19 percent in August 1940 to 25.5 percent in November, but dropped as low as 17 or 18 percent in February and March. Since March 1941 there has been a steady increase in the percentage of new applications filed by "migrants." Nonlocal workers represented 31 percent of all new applicants in July 1941 and 34 percent in August.

Of all new applications from nonlocal workers, the number filed by workers from other areas in Michigan has increased most sharply, rising from less than 300 in August and September of 1940 to more than 900 in July and nearly 1,200 in August 1941.

New applications filed by workers from other Great Lakes States also underwent a marked increase, advancing from about 200 per month in the latter part of 1940 to a monthly total of between 700 and 800 in June, July, and August 1941.

Migration from States not adjacent to Michigan has shown the smallest proportionate rise, but in each of the 13 months covered by table 1 the total number of applicants from such States has been greater than the number from either the Great Lakes States or from Michigan communities outside Detroit.

The State of origin of interstate migrants is shown in slightly greater detail in table 2, which also classifies applicants from each area according to primary occupational classification. Of the 19,186 migrants from other States, about 5,100 or 26.5 percent had been last employed in Southern States—representing a total nearly as great as the 5,775 migrants from the Great Lakes area. Applicants from Eastern States (including New England) accounted for a little more than one-fifth of the total interstate movement (4,100 or 21 percent). A slightly smaller number (3,712) had come from States west of the Mississippi and 481 of the migrant applicants had last worked or received their education in foreign countries, including Canada.

Only a small proportion of the migrants had experience in skilled occupations, the type for which there has been a special demand in the defense program. Of the 26,300 last employed outside Detroit, only 4,300 (17.8 percent) were classified as skilled workers. The proportion of skilled applicants was fairly similar for all areas, with the highest percentage of skilled applicants coming from the Great Lakes States and the lowest percentage from the Southern States.

Semiskilled workers were the most important group among the migrant applicants, comprising just over one-third of the total (8,160 or 33.7 percent). The semiskilled proportion was highest among migrants from other points in Michigan and lowest among migrants from the East and from the West.

About half of the migrants had occupational backgrounds which appear to have no special suitability for employment in defense production. Of the total last employed outside Detroit, nearly 15 percent were unskilled workers, 11 percent were classified in service occupations, 15 percent in clerical and sales occupations. About 6 percent were professional and managerial workers, and 2 percent were agricultural workers.

Migrants from the South included a greater proportion of unskilled workers and service workers (19.4 and 13 percent, respectively) than any other section, while Eastern and Western States had a relatively high proportion of clerical and sales workers.

The above figures on new applications represent an understatement of the actual number of migrant workers who have come to the Detroit area, since some migrants fail to register with the employment service, especially if they are easily able to obtain jobs without registering. However, the data shown in tables 1 and 2 give some indication of the general volume of migration, and the distributions of migrants by area and by occupational group are probably fairly representative of all migration to the area.

B. INTERSTATE CLAIMS AS A MEASURE OF MIGRATION

A second source of information on interstate movements of workers is the record of interstate unemployment compensation claims. The Michigan State Employment Service offices act as agents for other States in accepting claims for benefits filed by workers previously employed outside of Michigan. Interstate claims furnish only an indirect measure of worker migration, since many migrants may be ineligible for benefits or may obtain jobs before filing claims in this State. Despite these and other limitations, data on interstate claims furnish a useful indication of the trend of migration, though not of the volume of movement (see tables 3a, 3b, and 4).

TABLE 3A.—*Trend in total number of benefit claims filed with Michigan as liable and agent State, monthly State totals and indexes,*[1] *January 1939 to August 1941*

Month	Total number of benefit claims filed			Indexes [1] of total number of claims filed		
	Michigan liable		Michigan agent	Michigan liable		Michigan agent
	Intrastate	Interstate		Intrastate	Interstate	
1939						
Average	318, 196	12, 980	4, 250	100. 0	100. 0	100. 0
January	376, 021	24, 369	3, 865	118. 2	187. 8	90. 9
February	266, 694	16, 171	3, 893	83. 8	124. 6	91. 6
March	261, 320	18, 024	4, 072	82. 1	138. 9	95. 8
April	210, 048	12, 024	3, 365	66. 0	92. 6	79. 2
May	265, 988	13, 319	3, 697	83. 6	102. 6	87. 0
June	412, 549	11, 453	3, 557	129. 7	88. 2	83. 7
July	480, 644	12, 357	4, 486	151. 1	95. 2	105. 6
August	653, 546	16, 736	5, 157	205. 3	128. 9	121. 3
September	271, 657	9, 301	4, 541	85. 4	71. 7	106. 8
October	238, 568	7, 038	4, 760	75. 0	54. 2	112. 0
November	214, 749	6, 704	4, 804	67. 5	51. 6	113. 0
December	166, 563	8, 266	4, 807	52. 3	63. 7	113. 1
1940						
Average	265, 696	12, 414	7, 244	83. 5	95. 6	170. 4
January	252, 505	12, 729	6, 503	79. 4	98. 1	153. 0
February	235, 498	12, 752	5, 910	74. 0	98. 2	139. 1
March	218, 408	12, 344	5, 865	68. 6	95. 1	138. 0
April	242, 466	13, 808	7, 130	76. 2	106. 4	167. 8
May	237, 697	14, 273	6, 898	74. 7	110. 0	162. 3
June	291, 837	13, 799	7, 057	91. 7	106. 3	166. 0
July	575, 675	17, 717	9, 357	180. 9	136. 5	220. 2
August	541, 545	18, 334	8, 477	170. 2	141. 2	199. 5
September	225, 450	10, 387	7, 611	70. 9	80. 2	179. 1
October	143, 326	8, 495	7, 677	45. 0	65. 4	180. 6
November	100, 374	7, 237	6, 845	31. 5	55. 8	161. 1
December	123, 573	7, 092	7, 595	38. 8	54. 6	178. 7
1941						
January	143, 003	11, 259	8, 563	44. 9	86. 7	201. 5
February	131, 202	8, 669	7, 166	41. 2	66. 8	168. 6
March	120, 091	8, 689	6, 422	37. 7	66. 9	151. 1
April	124, 527	8, 045	6, 766	39. 1	62. 0	159. 2
May	96, 894	6, 361	6, 028	31. 1	49. 0	141. 8
June	80, 671	5, 376	6, 520	25. 3	41. 4	153. 4
July	252, 921	7, 311	7, 715	79. 5	56. 3	181. 5
August	351, 676	9, 649	7, 509	110. 5	74. 3	176 7

[1] Base: 1939 monthly average=100.0.

TABLE 3B.—*Trend in number of initial claims filed with Michigan as liable and agent State, monthly State totals and indexes,*[1] *January 1939 to August 1941*

Month	Number of initial claims filed			Indexes [1] of number of initial claims filed		
	Michigan liable		Michigan agent	Michigan liable		Michigan agent
	Intrastate	Interstate		Intrastate	Interstate	
1939						
Average	67,978	1,693	544	100.0	100.0	100.0
January	39,219	2,337	410	57.7	138.0	75.4
February	38,062	1,603	415	56.0	94.7	76.3
March	40,050	1,745	393	58.9	103.1	72.3
April	39,453	1,505	423	58.0	88.9	77.8
May	73,865	1,449	383	108.7	85.5	70.4
June	173,411	1,622	480	255.1	95.8	88.3
July	149,259	3,718	738	219.6	219.5	135.7
August	77,101	1,516	632	113.4	89.5	116.2
September	32,219	1,016	593	47.4	60.0	109.1
October	84,380	1,299	645	124.1	76.7	118.7
November	33,293	1,342	602	49.0	79.3	110.7
December	35,423	1,169	810	52.1	69.0	149.1
1940						
Average	50,509	1,680	978	74.3	99.2	179.8
January	63,620	2,116	960	93.6	125.0	176.5
February	39,917	1,475	692	58.7	87.1	127.2
March	29,864	1,499	723	43.9	88.5	132.9
April	44,359	2,251	1,039	65.3	133.0	191.0
May	42,392	1,670	868	62.4	98.6	159.6
June	79,854	1,554	985	117.5	91.8	181.1
July	159,659	3,929	1,355	234.9	232.1	249.1
August	53,991	1,174	1,026	79.4	69.3	188.6
September	24,206	1,004	1,025	35.6	59.3	188.4
October	22,497	1,108	1,047	33.1	65.4	192.5
November	18,095	1,019	1,027	26.6	60.2	188.8
December	27,652	1,364	986	40.7	80.6	181.2
1941						
January	31,754	1,788	1,362	46.7	105.6	250.4
February	20,423	971	949	30.0	57.4	174.4
March	20,879	1,057	984	30.7	62.4	180.9
April	29,780	1,311	1,346	43.8	77.4	247.4
May	24,548	692	909	36.1	40.9	167.1
June	21,188	755	1,026	31.2	44.6	188.6
July	123,981	1,722	1,387	182.4	101.7	255.0
August	54,046	1,947	1,267	79.5	115.0	232.9

[1] Base: 1939 monthly average=100.0.

TABLE 4.—*Comparison of interstate and intrastate claim volume, by office, first 8 months, 1940 and 1941*

Area and office	First 8 months, 1941				First 8 months, 1940				Percent change first 8 months, 1940 to 1941			
	Total interstate claims		Initial interstate claims		Total interstate claims		Initial interstate claims		Total claims		Initial claims	
	Number	Percent of all claims	Number	Percent of all initial claims	Number	Percent of all claims	Number	Percent of all initial claims	Interstate	Intrastate	Interstate	Intrastate
State total	56,689	4.0	9,230	2.7	57,197	2.1	7,648	1.4	−0.9	−49.6	+20.7	+36.4
Area 1	3,446	3.9	447	3.6	3,960	3.2	523	3.5	−12.9	−28.7	−14.5	−17.0
Escanaba	256	4.3	39	4.8	340	4.0	45	3.8	−24.7	−31.2	−13.3	−32.4
Hancock	599	4.3	64	4.0	586	2.1	69	2.6	+2.2	−51.8	−7.3	−41.6
Iron Mountain	678	6.1	87	3.3	641	5.4	90	5.0	+5.8	−6.6	−3.3	+50.0
Iron River	405	6.9	51	9.2	511	6.7	58	8.4	−20.8	−22.3	−12.1	−20.1
Ironwood	755	4.2	107	4.6	842	4.3	115	4.7	−10.3	−9.0	−7.0	−4.0
Manistique	45	2.2	7	1.7	72	2.6	11	2.4	−37.5	−25.8	−36.4	−10.3
Marquette	272	2.1	44	2.6	418	2.6	60	3.4	−34.9	−19.9	−26.7	−4.0
Menominee	209	4.8	15	2.2	122	1.4	16	1.2	+71.3	−52.0	−6.3	−48.4
Munising	63	1.4	5	.8	144	2.8	14	2.1	−56.3	−15.7	−64.3	−8.1
Ontonagon	8	1.8	------	------	------	------	------	------	------	------	------	------
St. Ignace	40	1.7	8	3.1	40	2.0	8	3.6	0	+21.1	0	+17.7
Sault Ste. Marie	116	1.6	20	2.4	244	2.0	37	2.1	−52.5	−40.8	−46.0	−53.4
Area 2	4,782	3.8	679	2.8	6,551	2.5	799	1.6	−27.0	−52.4	−15.0	−51.9
Cadillac	155	2.5	17	2.2	366	2.8	29	1.7	−57.7	−52.8	−41.4	−55.0
Grand Rapids	1,505	2.8	251	2.1	2,236	2.2	279	1.3	−32.7	−46.0	−10.0	−45.2
Holland	498	4.0	63	2.6	632	2.3	94	2.0	−21.2	−56.3	−33.0	−49.2
Ionia	266	2.9	38	2.0	234	1.5	38	1.2	+13.7	−42.3	0	−40.8
Manistee	491	8.4	59	6.0	598	4.0	73	2.9	−17.9	−62.8	−19.2	−61.7
Muskegon	1,193	6.5	191	4.9	1,432	2.6	209	1.6	−16.7	−67.5	−8.6	−70.4
Petoskey	325	3.2	32	2.8	586	3.5	28	1.6	−44.5	−39.8	+14.3	−34.3
Traverse City	349	4.1	28	2.3	467	2.9	49	3.0	−25.3	−47.5	−42.9	−24.0
Area 3	4,426	2.0	634	1.2	4,738	1.3	575	.7	−6.6	−42.5	+10.3	−34.7
Alma	230	1.9	29	1.5	431	2.1	49	1.7	−46.6	−39.5	−40.8	−34.7
Alpena	152	1.0	13	.9	223	.8	21	.7	−31.8	−43.0	−38.1	−54.5
Bay City	667	2.0	85	1.4	570	.9	63	.6	+17.0	−50.6	+34.9	−45.2
Flint	2,117	2.0	302	1.0	1,890	1.2	279	.7	+12.0	−31.0	+8.2	−24.0
Port Huron	332	2.3	45	1.6	687	1.8	65	1.1	−51.7	−63.6	−30.8	−54.3
Saginaw	794	2.7	150	2.0	660	1.1	84	.6	+20.3	−51.6	+78.6	−44.8
West Branch	134	2.1	10	1.0	277	2.9	14	1.0	−51.6	−30.3	−28.6	−29.9
Area 4	8,777	5.4	1,324	3.9	10,375	3.4	1,312	2.3	−15.4	−48.4	+.9	−41.5
Adrian	402	7.4	55	4.2	612	3.9	69	2.1	−34.3	−66.5	−20.3	−61.6
Ann Arbor	1,062	6.7	223	5.4	776	2.8	145	2.9	+36.9	−45.1	+53.8	−19.9
Battle Creek	1,122	6.9	146	5.0	1,036	2.7	140	2.3	+8.3	−60.3	+4.3	−53.0
Benton Harbor	2,229	17.3	271	13.2	3,094	10.1	324	7.7	−28.0	−61.1	−16.4	−54.3
Jackson	731	3.8	111	2.8	1,111	2.3	123	1.4	−34.2	−60.4	−9.8	−56.6
Kalamazoo	714	4.3	111	3.1	1,194	4.4	163	3.9	−40.2	−38.1	−31.9	−12.2
Lansing	1,235	2.2	222	1.9	1,223	1.4	181	1.0	+1.0	−34.5	+22.7	−35.9
Niles	784	16.8	105	9.2	799	9.9	101	5.6	−1.9	−46.7	+4.0	−39.6
Owosso	169	1.7	35	1.6	178	1.2	21	.7	−5.1	−35.9	+66.7	−33.2
Sturgis	329	8.5	45	7.3	352	4.0	45	2.8	−6.5	−58.3	0	−62.7
Area 5	35,258	4.6	6,146	2.9	31,573	2.0	4,439	1.4	+11.7	−53.2	+38.5	−34.5
Detroit	31,238	4.6	5,504	2.9	28,447	2.0	4,050	1.4	+9.8	−54.2	+35.9	−35.0
Monroe	393	5.3	63	3.5	603	3.6	54	1.9	−34.8	−56.3	+16.7	−38.3
Mount Clemens	374	3.0	54	1.6	358	1.5	29	.7	+4.5	−49.1	+86.2	−20.0
Pontiac	2,011	4.5	333	2.8	1,188	1.9	180	1.1	+69.3	−29.3	+85.0	−28.5
Wyandotte	1,242	5.1	192	2.3	977	1.9	126	1.0	+27.1	−54.7	+52.4	−34.4

Tables 3A and 3B contain monthly figures on intrastate and interstate claims for unemployment compensation which have been received by the Michigan agency. Interstate claims received as liable State represent claims filed in other States by workers who earned their benefit eligibility in Michigan. Agent State claims are those filed in Michigan local offices by workers whose covered employment was in some other State.

Variations in the trends for these various types of claims are clearly indicated by the indexes in tables 3A and 3B.

While the total number of intrastate claims remained well below the 1939 average from September of last year through July 1941, the number of agent State claims was from 42 to 102 percent greater than the monthly average for 1939 (table 3A).

Interstate claims received as liable State have declined since last year, but the decrease for this type of claim has been considerably smaller than the drop for intrastate claims.

Until the seasonal automotive lay-offs, the number of interstate claims taken in other States against the Michigan fund have been considerably less than the volume of claims taken in Michigan against other States, although the reverse was true during the depression period of 1938 and 1939.

For initial claims, differences in the trends for intrastate and agent interstate claims have been even wider.

During the first 8 months of 1941, 9,230 initial claims were filed in Michigan by workers previously employed in other States. Most of these claims represented different individuals, though a few workers may have filed more than one initial claim. The total represents an increase of 21 percent above the corresponding months of 1940, when only 7,648 initial interstate claims were filed in Michigan.

While the percentage of increase is not striking, its importance as a measure of trend becomes greater when it is noted that the number of local initial claims, filed by workers still residing in this State, declined by 36 percent in the same period. The fact that claims takens as agent State have increased at the same time that claims against the Michigan fund were falling suggests a significant movement of workers from other States.

The increase in initial interstate claims has been by no means evenly spread throughout the State. Almost all of the increase occurred in industrial centers, with the change from 1940 amounting to a gain of 36 percent in Detroit, 85 percent in Pontiac, 79 percent in Saginaw, and 35 percent in Bay City. There were significant increases in Flint and Lansing, and a few of the small cities, including Monroe, Wyandotte, Mount Clemens, and Ann Arbor, also had sharp gains in interstate claims.

Since initial interstate claims generally represent the first appearance of a non-Michigan worker at a Michigan employment office, these increases indicate which sections of Michigan have had the greatest drawing power for migrant industrial workers. In other areas, the volume of interstate claims has declined, although in some cases the decline was less than for intrastate initial claims. None of the Upper Peninusla offices accepted more initial interstate claims in 1941 than in 1940, and in the northern and western sections of the Lower Peninsula declines were general. (The only exceptions are minor increases in Petoskey, Niles, and Battle Creek.)

While the number of initial agent State claims has remained small in absolute volume, such claims were equal to 2.7 percent of the number of initial against the Michigan fund in 1941, compared with only 1.4 percent in the first 8 months of 1940. In the Detroit area, the corresponding increase was from 1.4 to 2.9 percent. In each of the five administrative areas, and in nearly all of the individual offices, the ratio of initial interstate claims to initial intrastate claims was higher in 1941 than in the previous year.

Although the total volume of interstate claims (including continued as well as initial claims) was almost unchanged from 1940 to 1941, such claims represent 4 percent of the total number of claims taken in Michigan offices this year as compared to 2.1 percent last year. In Detroit, the increase was from 2 to 4.6 percent.

C. EVIDENCE OF MIGRATION FROM WAGE RECORDS OF THE UNEMPLOYMENT COMPENSATION COMMISSION

Data on employment service applications and interstate claims, while valuable as industries of the trend of migration, fail to give the whole picture because they deal only with unemployed workers. Another approach is necessary in order to determine how many migrants have actually moved to Michigan and found jobs here. Some of these are the same individuals who are reflected in interstate claims or new applications, but there are no doubt many other migrants who obtain work without registering at an employment office or filing an interstate claim.

With this problem in mind, a special study of the wage records of the Unemployment Compensation Commission has been made, based on a sample of individuals whose social-security numbers were originally assigned in some other State. The study covered the five calendar quarters from the beginning of 1940 through the first quarter of 1941.

In general, it may be assumed that workers with out-of-State social security numbers who were not employed by subject establishments in Michigan in the first quarter of 1941 and earned wages in covered employment subsequently are for the most part migrants from other States. This assumption has certain obvious limitations. Some workers falling in this class may have been employed previously in Michigan, but may have been unemployed or engaged in noncovered employment in the first quarter of 1940. On the other hand, some workers may have moved in from other States and obtained jobs in Michigan in noncovered employment, and this group would not be identified in such a study. Also, some migrants who found work in covered employment may have obtained social security numbers in Michigan after they arrived here. Assuming that these various limitations tend to cancel out, the following summary is a fair indication of the extent to which migrants have found work in Michigan.

The wage-record survey indicated that a total of 66,010 workers with out-of-State social-security numbers, not employed in Michigan in the first quarter of 1940, earned wages in covered employment later in 1940 or in the first calendar quarter of 1941: Workers who obtained their social security numbers in the Great Lakes States made up nearly half of the total (29,680, or 45 percent). The State of Ohio contributed the largest number of migrants (19 percent, but nearly 13 percent were from Illinois, nearly 8 percent from Indiana, and 5.5 per cent from Wisconsin.

The area contributing the next largest group of migrants was the Middle Atlantic States, with over 12,000 workers, or 18 percent of the total. New York accounted for 9 percent, Pennsylvania 6.5 percent, and other Middle Atlantic States less than 3 percent.

The Southern States, which furnished a rather large percentage of the unemployed applicants at Detroit employment offices, furnished a smaller proportion of the workers who actually found jobs in Michigan. Nine percent came from the South Central States, with about one-third of these from Tennessee and one-third from all other States in the area. About 7 percent of the total came from the South Atlantic States, with a little more than 2 percent from Florida, 2 percent from West Virginia, and the remainder scattered.

The Plains States, with 8,700 employed migrants, furnished a surprisingly large proportion of the total. More than 13 percent of the employed migrants came from this group of States, with 4.4 percent from Missouri, 2.6 percent from Iowa, 2 percent from Texas, and the remainder scattered.

A little less than 5 percent of the employed migrants had first obtained their social-security numbers in Pacific Coast States, with nearly 4 percent from California. The Mountain States and New England States, each accounting for less than 2 percent of the total, furnished only a small fraction of the employed migrants.

D. PRINCIPAL AREAS AFFECTED BY MIGRATION

A considerable amount of information, not easily reduced to figures, is available on the general trend of migration in individual labor market areas throughout the State. On the basis of monthly reports submitted by local employment offices the following notes summarize the situation in selected communities to which there has been a substantial amount of migration, or from which significant numbers of workers have moved to other areas in search of jobs.

Largely because of the impetus of defense orders, Muskegon industrial employment is at an all-time high and workers have been entering the area from all of northern Michigan and from some more southern cities, including Grand Rapids.

Both Flint and Saginaw offices of the State employment service have reported a large number of northern Michigan workers applying for work in the automobile factories, the latter office reporting over 100 migratory workers' applications during

June. There are some indications that northern Michigan workers stop at these cities and, if work is not immediately available, continue on south toward Pontiac and Detroit.

Applications of nonlocal workers have maintained an unusually high level in Pontiac. In June the local employment service office reported that approximately 60 percent of the 550 new registrations were received from nonlocal workers, while in July, the proportion increased to 65 percent. The Pontiac office reports that approximately 75 percent of the migrant workers desire factory employment, although a fairly large proportion are floating workers who do not wish steady employment. The employment manager of one large automotive establishment in Pontiac reported in June that nearly three-fourths of the workers applying at the plant were from other States.

The Ann Arbor, Jackson, and Battle Creek offices of the State employment service have all reported a more or less continuous influx of workers from other States. During June, the Ann Arbor office received an average of 6 applications a day from individuals with less than 30 days' residence in the county, while in Battle Creek, about 125 of the new registrants in June had been in the area for less than 6 months. During the same period, Jackson reported approximately 5 registrations of nonlocal workers daily, approximately one-third of whom were from outside of Michigan. There are indications that when work is not immediately available, the nonlocal applicants at these cities also move to the next center, finally converging upon Detroit.

The leading Michigan source of migrant workers is undoubtedly the Upper Peninsula and the northern part of the Lower Peninsula, where industrial employment opportunities are limited and defense employment has not been significant. Nearly all local offices of the employment service in these areas have reported an extensive departure of workers, chiefly for the southern Michigan industrial areas. In the Hancock area, however, a considerable number of miners have also left for copper producing areas in Arizona. The Hancock Employment Service office estimates that nearly 1,500 workers have left the area for work in other parts of the country. The office reported in July that few workers have returned with the general comment that "jobs are not as plentiful as one is lead to believe."

Wisconsin industry has also attracted a significant number of workers from Michigan's Upper Peninsula, some on a seasonal basis only.

In the Lower Peninsula, Manistee and West Branch have both reported large scale out-migration in the direction of Detroit and the other Michigan industrial areas. In Manistee, even employed workers are leaving, attracted by the higher wage scales in other parts of the Lower Peninsula.

Although Grand Rapids is an important Michigan industrial center, it has experienced a net loss of workers to Muskegon and the automobile manufacturing cities of the eastern part of the State. Partly because of the nature of Grand Rapids industry, relatively few defense orders have been awarded there and industrial employment has not kept pace with that in the automobile centers and Muskegon.

In southern Michigan, the Niles-Sturgis area has suffered a net loss of workers, some to Detroit but mostly to the cities of northern Indiana such as Elkhart and South Bend where defense employment is increasing considerably. In this case, again, higher wage rates have attracted many employed workers. Kalamazoo, like Grand Rapids, has not been as active industrially as many other Michigan cities, and has consequently lost some skilled workers both to Detroit and to northern Indiana.

The analysis of interstate claims contained in table 4 substantiates these indications of the destination of migratory workers from other States. During the first 8 months of 1941 initial interstate claims received in the Detroit area (area No. 5) totaled 6,146, or 38½ percent more than the number received in the comparable months of 1940. During the same period, however, intrastate initial claims declined nearly 35 percent. Similarly, Saginaw reported an increase in initial claims of nearly 79 percent; Bay City, 35 percent; Ann Arbor, 53 percent; and Pontiac, 85 percent.

SECTION IV. LABOR DISLOCATION UNDER THE DEFENSE PROGRAM

Production quotas and shortages of various materials essential to the defense program will be responsible for a large volume of unemployment in Michigan in the next several months, unless special steps are taken to avoid this waste of manpower by acceleration of defense production in the State's industrial centers.

Because of the predominance of automobile manufacturing in Michigan's industrial structure, quotas established by the Office of Production Management to limit the output of passenger cars and nonmilitary motor vehicles will have a serious impact on Michigan employment. A survey made in July showed that for the State as a whole, a 50 percent curtailment would eliminate 175,000 jobs in nondefense production by January 1942. Despite anticipated expansion of defense work, the July survey indicated net unemployment of 93,000 in January, even if it were assumed that all defense jobs were available to displaced automobile workers.

Since the plan actually adopted calls for a more gradual curtailment of passenger-car production, the net dislocation of labor is expected to be less than was indicated by the July survey. However, the quotas already established, permitting national output of 817,000 units in the 4 months ending November 1941 and 204,000 units in December, will reduce nondefense automotive employment much more rapidly than defense employment is now scheduled to increase.

On the basis of surveys made in August and September (assuming 50 percent curtailment and a 40-hour week in nondefense automotive production) it is estimated that net unemployment in January 1942 will affect at least 54,000 workers in the Detroit area, 17,000 in Flint, and from 4,000 to 6,000 in each of the other three principal automotive centers—Pontiac, Lansing, and Saginaw.

This dislocation of labor—which will exist after taking into account the anticipated gains in defense employment—may result in a wave of migration away from Michigan industrial centers unless special measures are taken to create additional jobs or guarantee some other kind of economic security for the displaced workers.

Additional unemployment will occur in numerous Michigan localities because of the inability of nondefense manufacturers to obtain materials or needed equipment. Regardless of whether or not formal quotas are actually established for such consumers' goods as refrigerators, washing machines, furnaces, and hardware, the producers of such commodities are almost certain to have output curtailed as material shortages become more severe.

Some of the dangers inherent in this potential migration, and governmental measures which might be taken to reduce the dislocation, are discussed in sections V, VI, and VII of this statement.

The present section discusses surveys which have recently been completed in an attempt to determine the extent and duration of unemployment of factory workers which may result from the production restrictions imposed under the defense program, both for the State as a whole and for major individual communities. The discussion includes (*a*) a statement of the limitations of the surveys, (*b*) a summary of the findings based on them, and (*c*) a brief statement of the estimated trends in the individual areas for which surveys have been prepared to date.

A. LIMITATIONS OF SURVEYS

All of the surveys are subject to some possible revision based on corrections which may be submitted by the employers contacted, but even if no corrections of this type were necessary, the surveys would be subject to the following general limitations:

1. Trends in defense employment are based chiefly on estimates of labor needs for contracts already received. If additional contracts are awarded in time or if delivery can be scheduled for earlier dates, unemployment will of course be reduced.

2. In most instances, it has been necessary to assume that all workers laid off from nondefense jobs will be occupationally transferable to meet expanding defense needs. To the extent that such transferability is limited, actual dislocation of labor will be greater than estimated in the surveys. Efficient training programs will be extremely important in reducing the significance of this factor. Without them, in-migration of specific types of workers may be needed to man defense plants, even while local workers are unemployed because of nondefense curtailment.

3. The estimates obtained in the surveys are generally limited to data on factory employment. The full volume of unemployment will be greater because of the indirect effects of unemployment in basic manufacturing industries on activity in dependent economic fields such as trade and service. In some cases, the arbitrary restriction of production will have additional special effects, causing lay-offs for example, in advertising which would not be ordinarily affected to the same degree. Booming industrial activity in areas not suffering from defense unemployment, on the other hand, will tend to offset these indirect effects of unemployment in selected manufacturing fields by maintaining a high demand level on a national scale for such nondurable consumers' goods as food and clothing.

4. Local unemployment conditions may be relieved by out-migration, but this movement of workers may eventually handicap defense production, which is not scheduled to reach its peak until several months after nondefense lay-offs are forced by quotas or material shortages. Since the existence of material shortages is based largely on the high level of current consumption, although some controls have been established to conserve materials for future defense use, it is hardly possible that total employment in the country will undergo any prolonged decline. This conclusion is especially consistent with the fact that production of materials has been substantially expanded and that some defense production processes apparently require a greater ratio of manpower to equipment than the nondefense mass-production processes which are being curtailed. Unless surpluses of certain materials exist alongside of shortages of strategic materials, a high level of national employment might lead to out-migration of workers from some of Michigan's industrial centers in which they will be sorely needed as defense production reaches its full stride in these areas later.

5. The effect of unemployment resulting from material shortages in nonautomotive industries is not fully represented in these estimates, because of the inability of individual concerns to predict the exact time or extent to which such lay-offs would occur. However, in many nonautomotive communities, such dislocation may assume serious proportions.

B SUMMARY OF SURVEY FINDINGS

An analysis of estimated employment trends in "potential defense" manufacturing industries in the entire State was made in July 1941, prior to the announcement of the official quotas for nonmilitary automobile production for the first 4 months of the 1942 model year. Employers were asked to estimate their labor needs on the basis of assumed quotas 20 percent and 50 percent under 1941 production. Covering 296 plants with about 95 precent of the total of 411,000 employees in automotive and allied industries and 508 plants with 140,000 employees in nonautomotive manufacturing, this survey furnishes the only available data on the State as a whole.

Assuming 50 percent curtailment from the 1941 model year and complete transferability of displaced automobile workers to new defense jobs, the July survey indicated that 67,000 workers from autmobile and related manufacturing would be unemployed in September, 100,000 in November, and 82,000 in January. From 411,000 in July, nondefense employment in automotive and allied industries would decline to 314,000 in September (down 97,000), 249,000 in November (down 162,000 from July), and 236,000 in January 1942 (down 175,000 from July). Defense increases in these industries would fall short of offsetting the declines by 74,000 in September, 110,000 in November, and 93,000 in January.

With a 75-percent cut in effect, it was estimated in July that about 260,000 nondefense jobs would be eliminated by January 1942, with net unemployment amounting to 176,000 at that time. Although no 75-percent cut is apparently planned for January, this estimate does provide a rough approximation of the amount by which defense employment would need to increase between January and the time when a 75-percent curtailment is actually adopted, if very severe unemployment conditions are to be avoided.

Reasonable allowance for practical limits on occupational and geographical transferability of released automobile and related factory workers was considered to require addition of about 15–20,000 to the minimum figures on net unemployment which were estimated in the July survey.

However, even the estimates of net unemployment reached in this survey are obviously much too high for September and November because the actual production cut was 26.6 percent instead of 50 percent. The established quota might reduce the net displacement of nondefense workers to about 20,000 in September and 50,000 in November, depending upon the production schedules followed in turning out the full 4-month quota. Tending to reduce both of these figures still further, and the January estimate as well, is the fact that sizable additional defense contracts have been received since July and work on previous contracts has been progressing more rapidly than was expected in some important cases. By the end of November, however, there are some indications that unemployment will be greater than the estimate of 50,000 because of gradual lay-offs as the quota for August–November may be filled by various plants before the end of the period.

The local community surveys made in August and September provide more reliable estimates of employment trends, since they were completed after the quota for the first 4 months of the 1942 model year was officially announced.

For all of the local labor market area surveys, unemployment estimates are based on a comparison of anticipated employment totals with employment at the end of May 1941. This base was used to avoid the distortion of current figures by the seasonal lay-offs for model change-over purposes.

On the basis of a 40-hour week on nondefense automotive production, these surveys indicated that net unemployment of factory workers on November 30, might reach 41,000 in Detroit, 8,000 in Flint, at least 3,400 in Grand Rapids, 2,800 in Lansing, 2,400 in Pontiac, and perhaps 1,400 in Saginaw. A small decrease (less than 500) would be expected to occur in Muskegon because of the automobile quota, but lay-offs because of material shortages, especially for refrigerator and metal furniture production, may create an unemployment total in excess of 2,000–3,000 in this area. In other areas as well, particularly Grand Rapids, shortages of materials for nondefense manufacturing may force lay-offs for many workers, but virtually all employers contacted, who had any expectation of material shortages, found it impossible to estimate the time, extent, or duration of consequent pay-roll reductions. The situation with respect to material procurement possibilities is too indefinite, but it appears quite likely that most of the labor market areas surveyed to date will experience substantial lay-offs of workers now using critical defense materials on nondefense production.

By January 1942, still assuming a 40-hour week on nondefense production of automobiles it is estimated that output of 200,000 units would mean net unemployment of at least 55,000 workers in the Detroit area, 17,000 in Flint, 5,600 in Pontiac, 4,700 in Lansing, 4,000 in Saginaw, 3,600 in Grand Rapids, and 700 in Muskegon. These estimates take anticipated increases in defense employment into account, including increases expected in automotive and nonautomotive plants; but lay-offs due directly to material shortages were not estimated for reasons already explained.

The above figures for Detroit are based on reports from a sample of 45 major concerns, which included the bulk of the area's automotive employment, but only part of the nonautomotive concerns in potential defense industries. Where the sample is expanded to furnish an estimate for all potential industries (firms regularly contacted by the Employment Service to determine their labor needs) the estimate of net unemployment is reduced somewhat, because of additional defense prospects in nonautomotive plants not included in the 45-company sample. This expansion of the "sample" would indicate net unemployment of 34,000 in November and 46,000 in January. Because of the practical limitations or transferability from automotive to nonautomotive plants, and the probability that additional unemployment will result from material shortages, the estimates based on the 45-firm sample (41,000 in November and 55,000 in January) probably come closest to predicting the actual situation.

With a 32-hour week in effect for nondefense production of motor vehicles, November factory employment would be only slightly lower than in May 1941. In January, however, even with this over-optimistic assumption, declines from May would occur in each of the 5 principal automotive centers, amounting to 18,000 in Detroit, 12,000 in Flint, 2,700 in Lansing and Saginaw, and 1,700 in Pontiac.

In the Bay City-Midland area, expected increases in defense employment are more than sufficient to offset lay-offs resulting from the automobile quotas. Assuming that displaced automobile factory workers can be absorbed into new defense jobs, no increase in unemployment is expected in the area in either November or January. In fact, total industrial employment should have risen by at least 1,500 from May to November.

C. ANTICIPATED UNEMPLOYMENT IN INDIVIDUAL LABOR MARKET AREAS

Since the passenger-car quota for August-November was announced on August 21, surveys have been completed to determine the effect of this quota and material shortages on employment in eight industrial areas in Michigan: Detroit, Flint, Pontiac, Saginaw, Muskegon, Bay City-Midland, Lansing, Grand Rapids. A brief summary of the findings of each of these surveys follows. The Detroit summary below is based on figures from a revision being issued under date of September 18, 1941.

Detroit.

In July, at least 130,000 workers in the Detroit area were already engaged in defense production. But in spite of the enormous value of defense contracts already received by Detroit establishments, substantial unemployment may be expected in the city during the next several months unless stop-gap contracts are awarded, work on present contracts is pushed ahead of schedule, or the use of manpower is diluted by operating nondefense plants only 32 hours per week. Even with a 32-hour week on nondefense automotive production, thousands of workers will be unemployed under the more severe curtailment program which will undoubtedly be in effect in January.

Major cause of the unemployment expected in the Detroit area is the quota for nonmilitary automobile production, but serious lay-offs are also likely to result from shortages of materials for various metal and rubber processing production of other nondefense goods. These shortages may even force passenger-car production below the quota; already, material delivery delays were reported to have slowed down last week's seasonal rise in automobile output.

For the 45 corporations contacted in the recently completed survey of the effect of the automobile production quotas and material shortages in Detroit, unemployment would result in November for a net total of at least 41,000 of the 315,000 factory workers employed by these firms on May 30, 1941, if nondefense automotive manufacturing is operated on the basis of a 40-hour week. By January, if the national quota is about 200,000 passenger cars, the net total unemployment on this basis would reach 55,000 factory workers (table 5).

TABLE 5.—*Estimated trends in defense and nondefense factory employment, Detroit area, totals for selected automotive producers and suppliers* [1] *and nonautomotive firms, May 30, to Nov. 30, 1941, and Jan. 31, 1942*

40-HOUR WEEK ON AUTOMOTIVE NONDEFENSE IN NOVEMBER AND JANUARY

Type of firm and employment	Factory employment on specified dates			Net change from May 30, 1941 to—	
	May 30, 1941	Nov. 30, 1941	Jan. 31, 1942	Nov. 30, 1941	Jan. 31, 1942
Total, all selected firms	314, 577	273, 127	260, 073	−41, 450	−54, 504
Defense	72, 782	119, 293	126, 558	+46, 511	+53, 776
Nondefense	241, 795	153, 834	133, 515	−87, 961	−108, 280
5 automotive producers, total	216, 868	175, 006	164, 180	−41, 862	−52, 688
Defense	29, 292	56, 766	61, 651	+27, 474	+32, 359
Nondefense	187, 576	118, 240	102, 529	−69, 336	−85, 047
23 automotive suppliers [1] total	68, 516	62, 075	57, 357	−6, 441	−11, 159
Defense	22, 826	33, 432	33, 357	+10, 606	+10, 531
Nondefense	45, 690	28, 643	[2] 24, 000	−17, 047	−21, 690
17 nonautomotive firms, total	29, 193	36, 046	38, 536	+6, 853	+9, 343
Defense	20, 664	29, 095	31, 550	+8, 431	+10, 886
Nondefense	8, 529	6, 951	6, 986	−1, 578	−1, 543
32-HOUR WEEK ON AUTOMOTIVE NONDEFENSE IN NOVEMBER AND JANUARY [3]					
Total, all selected firms	314, 577	305, 298	286, 627	−9, 279	−27, 950
Nondefense	241, 795	186, 005	160, 069	−55, 790	−81, 726
Automotive producers, total	216, 868	200, 017	184, 734	−16, 851	−32, 134
Nondefense	187, 576	143, 251	123, 083	−44, 325	−64, 493
Automotive suppliers, total	68, 516	69, 235	63, 357	+719	−5, 159
Nondefense	45, 690	35, 803	30, 000	−9, 887	−15, 690
Nonautomotive firms, total	29, 193	36, 046	38, 536	+6, 853	+9, 343
Nondefense	8, 529	6, 951	6, 986	−1, 578	−1, 543

[1] Producers of automobile bodies, parts, supplies, equipment.

[2] Partly computed by assuming same trend (for plants with 16,957 workers on May 30) as for remainder of "suppliers" and 5 automotive producers.

[3] Computed by adding 25 percent to nondefense automotive employment estimates based on 40-hour week, except for 2 producers of finished automobiles from whom actual estimates were received.

TABLE 6.—*Estimated change in Detroit employment from May to November 1941, and to January 1942, on the basis of a 40- and a 32-hour week for nondefense work*

Item	Factory equipment, May 30, 1941	Estimated change on basis of specified work week for nondefense auto output			
		40-hour week		32-hour week	
		To Nov. 30	To January 1942	To Nov. 30	To January 1942
Total	385, 400	−34, 300	−45, 700	−700	−18, 200
Defense	117, 000	+65, 400	+76, 200	+65, 400	+76, 200
Nondefense	268, 300	−99, 700	−121, 900	−66, 100	−94, 400
Five major auto producers	216, 900	−41, 900	−52, 700	−16, 900	−32, 100
Defense	29, 300	+27, 500	+32, 400	+27, 500	+32, 400
Nondefense	187, 600	−69, 400	−85, 100	−44, 400	−64, 500
Automotive suppliers	97, 200	−9, 100	−15, 800	−600	−8, 900
Defense	36, 800	+17, 100	+17, 000	+17, 100	+17, 000
Nondefense	60, 400	−26, 200	−32, 800	−17, 700	−25, 900
Nonautomotive producers	71, 300	+16, 700	+22, 800	+16, 700	+22, 800
Defense	51, 000	+20, 800	+26, 900	+20, 800	+26, 900
Nondefense	20, 300	−4, 100	−4, 100	−4, 100	−4, 100

Since the automotive quota for December is only 204,000 units and defense employment would be several thousand below the level anticipated for January, unemployment in December will probably be higher than the estimates developed for January in this Detroit survey. Furthermore, it is also in December that the full effect of material shortages on other nondefense production is expected to make itself felt, as many manufacturers have accumulated stocks of supplies which, together with at least small shipments in the meantime, may tide them over until about December.

The anticipated net decline in employment for the selected firms from May to November will result from a drop of 88,000 (from 242,000) in nondefense employment, offset in part by an estimated increase of 47,000 (from 73,000) in defense labor needs.

By January, the 45 selected firms expected nondefense employment to be about 108,000 below the May 30 level, while their new defense jobs would permit absorption of only 54,000 of the released workers.

The 5 major producers of finished automobiles in the area (General Motors, Ford, Chrysler, Packard, Hudson) expected a net decline of 42,000 by November, slightly more than the net total for all of the 45 firms contacted. While their defense employment is increasing by 27,000 to nearly double the May 30 total, these 5 corporations expect their nondefense employment in the area to fall from 187,000 in May to 118,000 in November. The nondefense decrease of 69,000 for these firms by November accounts for about 80 percent of the total estimated drop in nondefense employment for the 45 establishments reached in the survey. From May to January, these 5 producers reported an estimated increase of 32,000 in defense employment and a nondefense drop of 85,000.

For the 23 automotive suppliers contacted, still on the basis of a 40-hour week for nondefense operations, a net decrease of 6,400 was expected by November, and by January these firms expected to employ 11,000 fewer workers than they did on May 30, 1941.

The survey revealed that the nonautomotive firms contacted would experience a net employment increase of 6,900 by November and 9,300 by January. Of the 29,200 May employees of these 17 nonautomotive establishments, 20,700 were already on defense work; and the number of defense workers was expected to rise to 29,200 by November and to 31,600 by January 1942.

On the basis of a 32-hour week for workers on nondefense automotive production, the net decreases in factory employment of the 45 selected companies would amount to 9,300 by November 30 and 28,000 by January 31, 1942.

Expansion of the figures for the sample of selected firms to reflect the total for virtually all of the area's manufacturers of durable consumers' goods and of producers' goods (with about 385,000 factory employees in May) gives estimated declines of 34,000 by November 30 and 46,000 by January, on the basis of a 40-hour week for passenger-car production. On a 32-hour schedule for nondefense automotive production, the expanded figures reveal a net decline of less than 1,000 by November 30, but a drop of more than 18,000 by January 1942.

Flint.

Unless additional defense work is allocated to Flint, this city will probably suffer a greater relative amount of defense unemployment than any other in the State. Virtually 100 percent automotive and General Motors, Flint's manufacturing employment is expected to decline by 8,100 by November with a 40-hour week, although no decrease would occur with a 32-hour week. By January with a 50 percent curtailment of passenger-car production, the drop would be 16,800 on a 40-hour basis or 11,700 on a 32-hour basis. Of 45,000 workers employed by the 6 General Motors plants in May, only 1,800 factory workers were in defense production. Under present contracts, defense employment is expected to rise to about 4,000 by November. By January with 600 workers added to the November defense total, defense employment in the area will be up to about 4,600, provided that there is no decrease at A. C. Spark Plug as this division completes work on present contracts.

Pontiac.

Less serious in its effect on employment in Pontiac than in Flint, the automobile production quota will nevertheless cause a sizable amount of unemployment unless the workweek on nondefense production is reduced to 32 hours per week or defense output is stepped up. By November 1, with employees on nondefense production working 40 hours per week, the passenger-car quota would mean net unemployment for approximately 2,400 of the 24,000 wage earners of the 8 plants contacted. A decline of approximately 3,800 in nondefense employment of wage earners would be partly offset by an anticipated increase of about 1,400 in defense production. Of the expected drop in nondefense employment, the 3 largest automotive plants account for 3,700, while the expected increase in employment on defense production by 1 of these plants accounts for 1,100 of the anticipated rise in defense employment. In January 1942 a 40-hour week for nondefense automotive workers, combined with a 50 percent curtailment of output from 1941 levels, would mean a net displacement of at least 5,600 workers. With nondefense workers on a 32-hour week schedule, total industrial employment in Pontiac would actually increase at least 1,250 by November, but would be down by at least 1,700 in January. Because of the predominance of automobile manufacturing in the area, production quotas on other items than motor vehicles would have an insignificant effect in Pontiac, and material shortages are not expected to force lay-offs, in addition to those which might result from the passenger-car quota, for any of the area's 18,000 to 20,000 nondefense workers.

Saginaw.

With 35 percent of Saginaw's employment of 18,200 workers in potential defense industries already devoted to defense production and with the possibility that some nondefense production now done in other areas will be transferred to Saginaw, it is possible that no serious dislocation will occur in this area.

However, if nondefense automotive workers are on a 40-hour schedule, approximately 1,350 of the 13,000 workers employed by the 6 plants accounting for practically all of the city's automobile workers (5 General Motors and 1 Eaton Manufacturing) may be unemployed in November, while employment of the other manufacturers in the area remains virtually unchanged from the May 31 total of about 9,000. A decrease of about 3,000 in civilian automotive employment would be only partly offset by an increase of about 1,650 in defense employment, with about half of this rise occurring at a single plant operated by an automobile producer. In January 1942 with a 50-percent reduction in passenger-car output and a 40-hour week, factory employment would be at least 4,000 under the May 31 level, as defense expansion would permit transfer for a maximum of only 1,800 of the 5,800 workers who would need to be released. Most of the nondefense decline would be at a single plant which would not need 3,300 of its 5,400 May employees. With a 32-hour week for passenger-car production, Saginaw's factory employment would increase by about 700 to November and decline by approximately 2,750 in January 1942. Transfer of nondefense production from General Motors plants in New York (Tonawanda and Syracuse) may eliminate lay-offs of about 550 workers at 2 General Motors plants in Saginaw, which would otherwise be necessary under the 27.6 percent cut by November, but these transfer plans are not yet crystallized. While 15,000 of Saginaw's 22,000 factory workers are still engaged in nondefense production, no significant lay-offs are expected because of other quotas or materials shortages, partly because the area's nondefense, nonautomotive employment of about 4,000 to 5,000 is based largely upon agricultural products of the Saginaw River Valley.

Muskegon.

As only about 3,700 of the Muskegon area's 9,000 workers in automotive plants are in nondefense production, the passenger-car quota will have relatively little effect, causing net displacement of only 300 workers by November and 700 by January. But a 50-percent reduction of refrigerator output would force Borg-Warner's Norge Division to lay off about 1,400 of its 3,500 employees, unless the plant's efforts to secure defense awards for ammunition cases, water heater shield, etc., are successful. Although the relatively high ratio of about 45 percent of the area's 23,600 manufacturing workers is already devoted to defense production (with a total of 5,200 defense workers employed by Continental Motors, Campbell-Wyant & Cannon, Lakey Foundry & Machine, and Shaw Box, Crane & Hoist), material shortages may force lay-offs for several thousand nondefense workers, but no definite data are available except from 3 plants which believe that lack of materials might necessitate lay-offs for about 600 workers.

Bay City and Midland.

Compared with the pre-change-over total of about 13,000 workers, the total employment of the plants contacted will be 1,450 higher by November, assuming that the 850 workers released by the 2 major automotive plants can be absorbed by the nonautomotive plants whose total employment is expected to rise by 2,300 (from 9,400 at the end of May). But most of the displaced automobile workers will not be suitable for transfer to the new defense jobs in the nonautomotive plants, with the possible exception of some unskilled jobs at the plants of the Dow Chemical Co. in Midland and Bay City and a few skilled jobs at the Defoe Boat Works. Even by January, an expected decrease of about 1,600 in nondefense automotive employment would be more than offset by the anticipated increase in defense work by November, but the fact that other workers may already have the new jobs before the automobile workers are released, as well as the occupational transfer difficulty, may create unemployment for a number of the workers released from automotive plants. The employment of about 8,000 to 9,000 workers in plants not contacted in the survey is not expected to change substantially during the remainder of the year. Although expanding to manufacture airplane engine parts, the Chevrolet plant will probably not absorb a significant number of workers by January. Estimates of automobile worker displacement were based on a 40-hour week, and a 32-hour week would virtually eliminate the need for lay-offs by November and substantially reduce the displacement in January.

Lansing.

With a 40-hour week, current production quotas and a 50-percent automotive quota in January, employment in Lansing is expected to decline by approximately 2,750 by October 30 and 4,700 by the end of January 1942 (from a May total of about 22,000). A decline of nearly 8,400 in nondefense employment by January will be partly offset by a prospective increase of about 3,700 in defense employment. With nondefense work on a 32-hour week basis, net displacement in January would be reduced to 2,700. Expansion of defense employment at Nash-Kelvinator between January and August 1942 is the only presently foreseen prospect for easing the situation in 1942. This firm expects eventually to employ a peak of about 8,000 workers on airplane propellers and engine parts in Lansing. Nearly all the labor displacement by January 1942 will be at 2 General Motors plants, Oldsmobile and Fisher Body (13,000 nondefense workers in May); for all other plants combined, defense employment will increase more than the prospective nondefense decline. Unemployment of automotive workers may be greater than estimated above as many released workers will not be transferable to new defense jobs without considerable training.

Grand Rapids.

Because of the extremely high proportion of Grand Rapids industrial employment which is confined to a large number of small plants, it is particularly difficult, in a very hasty survey, to obtain an entirely valid projection of employment trends in this labor-market area. However, the 17 plants contacted in the survey employed about 40 percent of the area's total of approximately 40,000 manufacturing workers. For these selected plants, the trend in total employment is expected to be downward, with the total decreasing by 3,400 by November and 3,600 by January 1942. For automotive plants in the area with about 9,000 workers in May of 1941 a net decline of about 1,300 is expected by November, and increases in defense employment would prevent any sizable additional decline between November and January.

The most important prospective employer of defense workers is the Hayes Manufacturing Co., which holds contracts for airplane fuselages, parachutes, and stampings, and expects to have about 2,100 more workers on defense products by January than it had on May 30, 1941. However, about one-quarter of the workers needed for defense output will be transferred from nondefense production of house trailers.

Nonautomotive producers in the area who were contacted in the survey estimated a net decline of about 2,100 by November and 2,300 by January. More than half of these anticipated declines were estimated for the Nash-Kelvinator plant (refrigerators). Unless this firm is able to secure defense contracts which it has unsuccessfully sought for shell or bomb cases, water containers, and field stoves, at least 1,300 of the 3,500 workers employed by the establishment in May will need to be released for a lack of materials, whether or not a production quota is established for refrigerators.

Several thousand more workers including some of the 10,000 furniture factory employees, may find themselves unemployed in Grand Rapids because of material shortages and the relatively small amount of defense work in the area.

Only 13 percent of the 26,500 July employees of 87 Grand Rapids plants regularly contacted for reports of anticipated labor needs were engaged in defense production, compared with 29 percent of the State total of 682,600 workers in potential defense industries. Particularly hard-hit in Grand Rapids may be the numerous plants manufacturing hardware (with a total of about 3,500 employees), since the equipment used for making small castings and performing plating and polishing work apparently cannot be transferred to defense production. Recently announced priorities for materials used in construction of homes valued at less than $6,000 may reduce lay-offs among these firms. However, some special arrangement might need to be made to give priority ratings, perhaps on a rough proportionate basis, to these small firms in order to overcome the difficulty in identifying the final consumer of their products because of their system of selling through jobbers.

SECTION V. SOCIAL AND ECONOMIC PROBLEMS WHICH HAVE RESULTED OR MAY RESULT FROM MIGRATION

The movement of industrial workers, or other seeking defense factory jobs in Detroit and the other areas in which defense employment has been expanding, has created a number of problems which have tested the community facilities of such areas. Since more extensive statements on these problems will be submitted by other witnesses at these hearings, I will merely mention some of them briefly. In the absence of new housing construction, migration to defense centers creates pressure on housing facilities—with overcrowding, trailer settlements, the mushroom growth of shacks and substandard dwellings, and upward pressure on rentals for houses and apartments which are already available.

In Warren township, just north of Detroit, we have seen these conditions in an extreme form, and they have brought with them dangers resulting from inadequate sanitary facilities, insufficient schools, and lack of adequate police protection and other social services.

There are other problems which might be mentioned; among them the pressure on roads and transportation facilities which results from the crowding of greatly increased population into areas in which there has been no adequate development of facilities to handle this population. The construction of new highways, and the improvement of existing roads and highways, is vitally necessary in order to permit movement between existing residential areas and new defense plants, and to prevent the growth of ramshackle, unhealthy communities, which will be fit only to be torn down after the defense boom has passed.

An entirely different set of problems will have to be faced in connection with the possible migration of thousands of workers away from industrial centers which may occur if we are unsuccessful in keeping the dislocation of labor at an absolute minimum during the transition from civilian to defense production.

MIGRATION OF WORKERS UNEMPLOYED BECAUSE OF PRODUCTION QUOTAS OR MATERIAL SHORTAGES

In spite of accumulated seniority rights and eligibility for unemployment compensation it is quite probable that many of the workers who are laid off because of the automobile curtailment, other production quotas or material shortages, will leave the areas in which they were employed prior to the model change-over. Rumors of immediate opportunities for work in defense plants in other areas, including locations in other States, would probably be easily sufficient attraction for numerous unemployed workers. The system of interstate benefit payments makes it possible for them to obtain unemployment compensation, whether or not they remain in the area in which they were employed. Another reason which leads to the conclusion that many workers would not hesitate to migrate, even if temporarily unemployed, is the fact that many of them have probably only recently migrated into the Michigan industrial centers in which they are now employed.

If out-migration of displaced workers does occur on a large scale, several industrial centers in the State may be faced with a shortage of workers by late 1942. In Detroit, it is estimated that increases in defense employment between January and June 1942 would be greater than the net number of workers who will be unemployed in January because of the automobile-production quotas, even with a 40-hour week, for nondefense automobive production. Large increases in defense employment, especially for production of airplanepropellers and airplane engine parts by the Nash-Kelvinator (the anticipated peak defense employment this firm's plan's in Lansing is 8,000), may very easily create a general shortage of workers in this area by the middle of 1942.

Strong efforts should therefore be made to reduce unemployment of nondefense workers, to accelerate employment on defense work, or to provide some adequate system for the reducing of migration which might otherwise result from unemployment due to production quotas or material shortages.

A high national production level, prevailing at the same time that substantial unemployment exists in Michigan industrial centers because of quotas and material shortages, would presumably encourage even more out-migration than would ordinarily occur in a nationally depressed economy. It would also cause some alteration in the direction of the out-migration.

Instead of going back home to Tennessee or to other areas where living costs are lower and unemployment compensation payments have greater purchasing power, many workers may be expected to go to some of the highly active labor market areas in the country, especially those where large defense plants have been built in the face of a relatively small local labor supply. This change in the destination of workers separated from nondefense jobs in Michigan would probably make it much more difficult than usual to get them to return to this State when they are again needed for defense production here, in spite of higher wage rates. In fact, if they did find jobs in defense work elsewhere, there would be little justification under the defense program for seeking their return. But from all points of view, the best solution is to develop a sufficient demand for labor, in their present communities, to prevent the need for any outward migration.

SECTION VI. THE NEED FOR STATE ACTION—MEASURES TO REDUCE THE DISLOCATION OF LABOR

During this period in which Michigan's industries are making the transition from civilian to defense production, one of the State government's most important tasks will be to develop policies and take positive action to prevent the damaging effects which might otherwise result from dislocation of labor. The curtailment of passenger-car production will create a major unemployment problem during the next few months. In addition to this problem, we must face the certainty that many other civilian industries will have their production curtailed or interrupted because of inability to obtain materials or equipment which are of critical importance in the defense program.

This situation, as was pointed out by Governor Van Wagoner this morning, creates a threefold task for government—not only the State government, but also the various Federal agencies, such as Office of Production Management, which can help in easing the shock of this necessary transition.

The first problem is to take every possible step to protect the economic security of workers who are temporarily displaced, and furnish them with some source of income until they can be back to work on defense production.

Our second task is to proceed energetically with a variety of measures which can speed up the expansion of defense jobs. This task will require the wholehearted cooperation of Government, labor, and industry.

Our third task is to discourage and prevent any further migration of workers to Michigan industrial centers at this time, since such migration will only multiply the problems which already exist.

Without trying to cover all of the steps which might be taken, it is possible to mention a few possible lines of attack which may deserve further study.

1. Unemployment compensation will furnish a first line of defense for many of the workers displaced from civilian production. From 80 to 90 percent of them will probably qualify for benefits, but this protection is limited in several ways. The $16 maximum rate represents less than half the full-time wage for the majority of workers in several industries. Even this amount is paid only after a 2-week waiting period, and continued for not more than 18 weeks—with a maximum duration as low as 8 or 10 weeks for workers who have had irregular employment during the "base period." It is doubtful whether, with these limitations, the unemployment compensation system will be enough to keep Michigan workers in the cities where they will be needed. An increase in the size of weekly payments and the duration of benefits might be considered as one way of encouraging our labor force to remain in Michigan until defense jobs are available. Such an extension, as the Governor has pointed out, might be especially justified in the case of individuals who are undergoing vocational training which will qualify them for new jobs.

2. The Michigan State Employment Service is cooperating with the Division of Contract Distribution in the Office of Production Management in studying areas where serious unemployment will result from production quotas. Where the need for such action is indicated these studies serve as a basis for short-cutting the normal procedure for alloting defense contracts so that available production facilities can be used for defense purposes.

3. Where the existing facilities are not suitable for defense production, there is a possibility of assigning civilian priorities which will permit at least part of the present nondefense personnel to be kept at work. Since some consumers goods will be needed even during the defense program, it is only reasonable to allocate such production in such a way that no community will suffer inequitably from the dislocation resulting from the transition to defense work.

4. Management and labor in the automobile industry have worked out detailed arrangements which will give preference in new defense jobs to experienced workers who have acquired seniority in the regular operations of the industry. This program, while it will not increase the total amount of work available, will tend to give greater security to the older workers with family responsibilities and an established place in the community.

5. The temporarily dislocated workers will be given greater incentive to stay in Michigan communities if it is possible to expand the existing programs for training workers in the special skills and occupations which will be needed in defense plants. Such programs will be more effective if arrangements can be worked out so that these workers can be paid at least a subsistence wage while they are being trained.

6. Some of the defense plants which are now operating only 5 days a week or are using less than three full shifts of workers, might be able to expand their employment considerably where it is feasible to operate the plants 24 hours a day and 7 days a week. In some cases such a schedule is impossible because of the time required for servicing and maintenance of machines, but where possible it would result in a gain of about one-third in the number of workers employed in defense production. The State employment service and various divisions of the Office of Production Management are at present developing methods of furnishing specialized types of labor or equipment to such plants where a lack of either is hindering capacity production.

7. Especially in some communities, the impact of production quotas and priorities will be felt most harshly by small employers who serve as suppliers or subcontractors for producers of consumers goods. Partial solution of the problems immediately before us lies in the development of a systematic arrangement for bringing together the primary contractors and the small manufacturers who

might be able to perform part of the work involved in the prime contracts. That some progress is being made in this direction is suggested by yesterday's meeting in New York at which Floyd Odlum, Director of Contract Distribution for the Office of Production Management, held a "defense clinic" to bring together the representatives of more than 100 large firms and spokesmen for hundreds of small machine shops and subsidiary manufacturers.

8. The State and Federal Governments can and will help to minimize and shorten the unemployment resulting from priorities by thorough surveys of the defense possibilities of plants which are being most seriously affected by priorities and quotas. New rules on distribution of Federal contracts now permit a group of employers, in a given industry or community, to bid on a single contract and then divide the job up in accordance with their individual facilities.

All of these programs and others which might be mentioned must be stimulated and coordinated with a single thought in mind, of making as many defense jobs as possible for Michigan workers and preventing economic waste of unemployment. We know that in the next year or two we cannot use as many men as in the past in production of automobiles, refrigerators, and consumers goods—but we cannot afford to have this manpower idle if there is any possible way of using it in furthering our national policy of defense.

(The following letter was received subsequent to the hearing:)

Exhibit A.—Labor Force of Firms Supplying Automobile Makers

Michigan Unemployment Compensation Commission,
Detroit, October 21, 1941.

Mr. Harold D. Cullen,
Associate Editor, House Committee
Investigating National Defense Migration,
Washington, D. C.

Dear Mr. Cullen: In response to your letter of October 16, we have assembled various data indicating "the proportion of workers, in the automobile industry, employed by manufacturers who supply final producers." Our figures are for the State of Michigan only.

In July 1941 manufacturers in automobile and allied industries employed a total of approximately 497,000 workers, including workers on temporary lay-off because of shut-downs for model change-over purposes. Of this total, approximately 310,000 workers were employed by the five major "final producers": General Motors, Ford, Chrysler, Hudson, and Packard. The remainder, comprising employment of the "suppliers", represents approximately 38 percent of the total.

Restricting the figures to nondefense employment, we find that the totals for the same period are 411,000 for the total, 276,000 for the "final producers," and 135,000 (33 percent) for the "suppliers".

Even when the data are limited to nondefense employment, the figures for both "final producers" and "suppliers" include some employment which is in nonautomotive production. However, while the five producers of finished automobiles also manufacture such nonautomotive items as refrigerators and agricultural tractors, the "suppliers" probably have a higher proportion of nonautomotive employment. For this reason the above percentages may be slightly high.

Very truly yours,

Wendell Lund,
Executive Director.
By Paul L. Stanchfield,
Chief, Research, Statistics and Planning Section.

TESTIMONY OF PAUL L. STANCHFIELD—Resumed

Mr. Stanchfield. We expect and anticipate a very serious dislocation of labor here in Michigan during the coming year. I think you may want to ask me more detailed questions about that later. But I would like to say, as an introduction to this discussion, that when we talk about an estimate of the number of people who are going to be unemployed on a certain date, we are talking about something that we hope won't really happen. In other words, we are talking about the situation which would occur if we don't manage to take certain steps that will help to cushion the blow.

Possibly additional defense contracts can be brought in. Possibly production schedules can be advanced. Possibly the impact of material shortages and various other causes of unemployment can be cushioned by special treatment. Therefore, what is presented here is an analysis of what would happen if the anticipated trend of nondefense employment goes down to the extent that would be indicated by our present figures, and if there is no additional defense work coming into Detroit and the other industrial centers of Michigan, beyond that which is already in sight.

Now, the paper, as you have probably noticed, is divided into six sections. The first of these points out that throughout the period in which Michigan's mass industries have been expanding, migration has been a fairly important source of labor supply for the major industrial centers of this area.

LABOR SUPPLY DEPENDENT UPON IMMIGRATION

About a quarter of the workers in Michigan were born in other States and nearly a fifth in foreign countries. That is according to the 1930 census; and especially during the decades between 1910 and 1930 it would have been impossible to find an adequate labor supply for our growing factories and mass-production industries without the movement of large numbers of workers into these cities.

Now, that migration movement really has produced some of the permanent population of the State, but it remains true that Michigan's industrial centers have a very definite drawing power for workers from the rural areas of this State or from the sections of other States from which we draw our labor supply.

URBAN-TO-RURAL MOVEMENT IN DEPRESSIONS

That trend of migration is reversed, in general, during depression periods. During the depression period, when jobs grow scarce or when wages are lowered, there is some tendency for workers to move away from the industrial centers back to rural sections of Michigan, or back to the other States in which they have homes or from which they originally came.

Not all of that is a permanent movement. As I testified at Chicago, we find that over half of the unemployment compensation claimants who went from Michigan to other States during the 1938 depression came back again to Michigan and worked here when jobs were available in 1939, so that we have a certain pattern of movement into the industrial areas at the time when the jobs are there, and a movement away at the time when the jobs are not there.

During the past year we have seen a rather definite stimulus to migration, resulting not so much from the policies of employers as from the fact that people in other States and other sections of this State have heard a great deal about potential defense jobs, new plants, expanding employment in Michigan industrial centers.

They knew the wages are high here. They have heard there is a great deal of defense work in Michigan. As a result, workers have moved in. A great number of them have not actually found jobs in this area, but the figures which we present indicate a sizable flow of unemployed workers, registering at the employment offices of Detroit and Flint and Saginaw and various other automobile centers.

We do find some evidence that unemployed workers are filing claims in Michigan against the unemployment compensation funds of other States, again showing that after losing their jobs elsewhere, they have tended to come here in the hope of finding work. And we find, finally, indication that some of these migrants have received jobs, because in the 15 months since January of 1940, 60,000 workers who were not working in Michigan at that time and who originally received their social security numbers in other States have found work here, at least temporarily. However, a good many of those apparently merely found temporary or stop-gap jobs, and moved away to other areas.

PRIORITIES AS CAUSE OF LABOR DISLOCATION

Now, we are faced with an entirely different sort of problem, a problem of migration away from the industrial centers of Michigan, which may result partly from the production quotas in the automobile industry and partly from the curtailment of other civilian production, which will result from shortages of critical materials.

That second factor is extremely hard for us to estimate. Employers, some of them, seem to be overoptimistic because material shortages have not hit them yet. They feel hopeful that they will be able to continue because they have not yet suffered through material shortage. Others, perhaps, are too pessimistic, and say that at the rate things are going, their civilian production will have to be cut very sharply and very soon. But there is a certainty that as priorities begin to take up more and more of such critical materials as steel and pig iron and gray iron and zinc and magnesium and aluminum, the civilian production which depends on that type of supplies is bound to be curtailed, and many industries other than automobiles are going to be badly hurt in Michigan, and of course in a great many other States too.

However, since Michigan is a mass-production State, a State depending on fabrication of metal products of some kind to a considerable extent, these priorities in the automobile industry and elsewhere probably constitute as great a threat to this State as they do to any other State in terms of dislocation of labor.

UNEMPLOYMENT ESTIMATES

As far as the over-all unemployment picture is concerned, the figures presented by Governor Van Wagoner this morning come as close as we can get to the probable situation in January—for the State as a whole, probably 90,000 to 100,000 unemployed workers; for the Detroit area, about 50,000 or 55,000. However, those estimates are based on the assumption that there won't be a substantial reduction of the work week—a thing which, of course, would have the result of spreading the employment and at the same time spreading the unemployment, but making it possible to keep a larger number of workers on the job here.

That is a general summary of what is contained in the statement.

Mr. Curtis. Do you happen to know how the volume of defense contracts in Michigan compares in dollars to the volume of potential business that has not been transacted because of enforced shut-downs through priorities and otherwise?

Mr. Stanchfield. Let me see if I am clear on your question. You mean the anticipated defense employment that will come in the future, as compared with the anticipated shut-downs in the future?

COMPARISON OF ESTIMATED DEFENSE HIRES AND SEPARATIONS

Mr. Curtis. Yes.

Mr. Stanchfield. In a study which we made in July of this year we found that a 50 percent curtailment of the automobile industry would eliminate about 175,000 nondefense jobs by January of 1942—that is, assuming that the prevailing workweek is not changed.

During that same period there would be an increase of a little over 80,000 in defense jobs, part of them in the automobile industry and part in other industries, leaving a net unemployment for the companies that we covered in the survey of about 95,000 in January of 1942.

Mr. Curtis. That was based upon estimates made when?

Mr. Stanchfield. That estimate was made in July, but it is still the best over-all picture for the State that we have available today.

The studies we have made since then have been largely studies of particular communities where we are trying to find out on an area basis just what is going to happen. In July the total employment in defense jobs was 196,000. That includes both employment on direct defense contracts and employment of concerns which had priorities resulting from the fact that they were producing machinery or supplies or various other material for prime contractors.

Mr. Curtis. Then if you employ 86,000 more, that will be a total of nearly 286,000?

Mr. Stanchfield. That is right.

Mr. Curtis. And you estimate that nondefense production has been cut down to create an unemployment of 175,000?

Mr. Stanchfield. Yes; but that is a cut which will have occurred after July, sir. In July, in addition to these people working on defense, we had about 410,000 workers engaged either in producing automobile bodies and parts or in producing supplies and equipment needed by automobile companies, and those people were working at the same time that these 196,000 were working, so what we are going to have from July to January is the elimination of about 175,000 of the nondefense jobs which did exist in July.

Mr. Curtis. Well, now I will ask you how many nondefense jobs had disappeared by July 1.

Mr. Stanchfield. It was very close to our peak of automotive employment. That wasn't true of two or three of the small concerns, but the base figure that we used included the workers who had been laid off in the immediate past just for seasonal model change-over.

Mr. Curtis. And how many was that?

Mr. Stanchfield. At that time it was very small—probably not more than 10,000 or 15,000 for the State.

Dr. LAMB. Mr. Stanchfield, perhaps the Congressman would like to know where the 196,000 came from who were working on defense jobs as of the 1st of July.

NET LOSS OF 90,000 JOBS BY 1942 EXPECTED

Mr. STANCHFIELD. As of that date there was very little unemployment in the State. Our unemployment compensation rolls just before the beginning of July were running only about twenty to thirty thousand claimants per week. In other words, up to that time we had had a steady increase in the total volume of employment, and although some nondefense jobs have gradually been eliminated, they had been translated quite smoothly into defense jobs, so there had been very little dislocation of labor up to that time. By January 1, however, we will have a net loss of 90,000 jobs, because we will lose 175,000 jobs in civilian production while we are gaining about 85,000 jobs in defense production. That is starting with the situation we had in July, when we had practically no unemployment.

Mr. CURTIS. But when you had no unemployment, you had 196,000 people working in defense?

Mr. STANCHFIELD. Yes; and we will have those, plus 85,000 more, or even a greater number by January; but at the same time we will have dropped off the jobs of 175,000 people who were working in nondefense production in the auto industry in July.

Dr. LAMB. In other words you will have 276,000 working on defense jobs in January?

INDIAN SUMMER OF EMPLOYMENT

Mr. STANCHFIELD. That is right. And 175,000 jobs will have been eliminated by January. That isn't the situation as of today, because most of the plants are operating with nearly as many employees as they had in July. There are exceptions to that. There are perhaps 20,000 automotive workers who were employed, who have been eliminated from their nondefense jobs; but for the most part employment now is almost up to the July level. That is a very temporary situation, as the plants are trying to get into production with the new quota, and you will see a sharp drop. You might say we are in an "Indian summer" of employment. We are having the last little burst of nondefense employment as we go to work on the 1942 models, and then very rapidly at the end of October and in November you will find that the number of jobs on automotive production will be cut down. Then, when the further quota cut comes in December and January, you will have further reductions, bringing you to the final end result that we have 175,000 fewer workers in automobile factories on automotive work than we had before the model change-over this year.

Mr. CURTIS. Is part of the automobile industry located outside of Michigan?

Mr. STANCHFIELD. Yes.

Mr. CURTIS. The wholesalers and distributors and retailers of automobiles and automobile parts?

Mr. Stanchfield. Yes, sir.

Mr. Curtis. They will have no part in this defense program when they shut down the auto production, will they?

Mr. Stanchfield. There are some exceptions to that. As a matter of fact one of our large corporations, General Motors, to date has probably distributed more of its defense contracts to its plants outside Michigan——

PROBLEMS OF DISTRIBUTORS

Mr. Curtis. No; I am not talking about the plants. I am talking about the wholesalers and retailers.

Mr. Stanchfield. They face a very definite problem, because they will not have as many automobiles to sell, and as a result there are bound to be reductions in personnel and loss of income to the proprietors of such businesses.

Mr. Curtis. How many people are engaged in selling automobiles, as compared to the number of people normally engaged in making them?

Mr. Stanchfield. I don't have the figures for the country as a whole. In the State of Michigan, as I remember it, we have about 36,000 wage earners, and I believe 17,000 or 18,000 proprietors engaged either in selling automobiles or servicing them. Therefore, we have about 50,000 people dependent directly or indirectly on the retail and service end of the automobile industry, and in that realm of employment you are bound to have a curtailment. It may be less than 50 percent.

Mr. Curtis. How does that percentage compare with your total employment in auto manufacturing?

Mr. Stanchfield. A comparison just for this State wouldn't be very representative of the national picture.

Mr. Curtis. I realize that.

Mr. Stanchfield. Our total employment in production directly or indirectly related to automobiles is about 410,000 in Michigan, while the employment here in retailing and servicing automobiles is about 50,000, counting the proprietors. We have, you see, two-thirds of the total amount of productive employment and probably only about 6 or 7 percent of the retailing and service establishments of the country.

Mr. Curtis. In all probability the curtailment will run several times more in the number of people engaged in selling and servicing automobiles than in those making them, isn't that true?

Mr. Stanchfield. I have seen figures indicating that in one way or another one-seventh of the wage earners of this country are directly or indirectly employed because of the automobile industry. That includes, of course, petroleum refining, transportation of automobiles, all the productive activities, selling gasoline, garage mechanics, and every other classification that goes into the picture; so that it is true probably that you will find the greatest number of workers, who in some way depend upon automobiles for their livelihood, outside of the factories. However, I don't have exact figures.

Mr. Curtis. It is going to be impossible for those individuals to shift to defense employment, isn't it, at least in their home localities?

Mr. Stanchfield. Some of them, of course, will be taken care of by the fact that garage and repair services won't be curtailed as much as production of automobiles. As a matter of fact, as we get more and more second-hand cars on the road, we may need more of certain services; but the retailing end of the business is very definitely going to be sharply hit.

PATTERN OF OUT-MOVEMENT

Mr. Curtis. In your paper you have a statement that the out-movement which occurred during the 1938 depression can be expected to recur in rather similar form as production quotas and priorities create a mass unemployment problem in Michigan. Are you referring to the present time or at the close of the defense activities?

Mr. Stanchfield. I mean in the very immediate future. As we find jobs eliminated, one of the dangers of which labor and industry are all equally conscious is that a large part of our existing labor supply will be tempted or compelled to move to some other area in search of work. In other words, if the situation actually develops in such a way that 80,000 or 90,000 or 100,000 Michigan factory workers will find that they are not needed here for a period of several months, some of them will be bound to move to areas in which living costs are lower.

The pattern of movement during the next 2 months may not be exactly what we experienced in 1938 and 1939, during the last depression. At that time most of the movement was out to rural Michigan or back to areas such as the Appalachian States of Kentucky, Tennessee, and West Virginia, with workers going back to areas in which the cost of living was lower. That was because we had a nationally depressed economy, and there were very few job opportunities elsewhere.

The situation that we face in here may be a little different because there will be areas in which defense employment is expanding rapidly, areas in which there are important defense factories and a relatively limited labor supply, perhaps, and toward those areas the displaced workers from Michigan may be tempted to go.

One of the things we are most afraid of, in fact, is that this labor supply, which we will eventually need when we get defense production rolling on a maximum basis here, will move out, find jobs in some other States, and then, when they are needed in Michigan, the skilled and specialized and fairly adaptable group of machine workers who have been used in Michigan industry won't be here for us to use. That might create a very serious shortage of labor unless we take steps to prevent it.

IN-MIGRATION OF POTENTIAL LABOR

Mr. Curtis. Have you had an in-migration of potential labor this year?

Mr. Stanchfield. During the past year we have made some analysis of the movement. There is no way of getting an exact measure of the total number of migrants. However, a few figures might be of some interest. In the Detroit area we found that out of 108,000 unemployed workers who filed new applications at employment offices, over 26,000 had been last employed somewhere outside of the Detroit area; and that the proportion and the number have been rising constantly during the past year.

In August of 1941 more than one-third of all the new applicants in Detroit employment offices were workers who had last been employed in some other area.

The CHAIRMAN. What proportion, Mr. Stanchfield, was from outside of the State?

SOURCES OF RECENT IN-MIGRATION

Mr. STANCHFIELD. The bulk of those were from outside the State. Out of that total of 26,000, about 7,100 had last been employed in some other part of Michigan, and about 5,800 had been employed in other Great Lakes States, including the States adjacent to Michigan—Ohio, Indiana, Illinois, and Wisconsin—and 13,400 had come from States farther removed. The next largest group was the Southern States, which furnished about 5,100 migrants.

Mr. CURTIS. Do Michigan employers prefer local labor?

POLICY TO DISCOURAGE MIGRATORY LABOR

Mr. STANCHFIELD. I think a very definite policy has been expressed, at least, by the Detroit industry, to try to discourage migration into this area.

Mr. CURTIS. How do you discourage it?

Mr. STANCHFIELD. One way is by not hiring the people, by telling them at the gate that you are hiring local workers, and that you have applications filed already by people qualified for this type of work. Further, the employment service and the Office of Production Management have made efforts to discourage any policies which might be adopted by employers which would tend to pull workers into the industrial centers.

Mr. OSMERS. Mr. Stanchfield, isn't it true that some of these people have come in from outside the State and have established an address in the Detroit area, and then returned to their regular places of domicile? Then when word came to their Detroit address of a job opening, they were notified by telegram and were then run into the job?

Mr. STANCHFIELD. To a certain extent that has been true of part of the automobile industry's labor supply as long as people can remember. That is, there are always some workers who prefer to go to smaller towns or some former home during the lay-off season, and they leave a Detroit address, and the landladies send them a telegram or letter when they are called back to work. I think the extent of the practice has decreased, however.

Mr. OSMERS. Has any evidence come to your attention to indicate that employers in the Detroit areas prefer out-of-State workers because of labor difficulties?

Mr. STANCHFIELD. I would be inclined to say the reverse is true. I think there has been a definite change in policy over the past decade.

In the 1930's we found our stranded unemployed workers who had been brought in from other States constituted a very definite relief and welfare problem, which was expensive to the community and to the industries that had to support the community by taxes. I think that while there might be individual exceptions, the rule that is being followed now is to try to use the local labor supply as much as we can.

Mr. CURTIS. What percentage of the job openings are handled through the State employment service?

Mr. STANCHFIELD. That is a rather hard question to answer, because we have no figures on the exact number of openings that are filled from other sources.

Mr. CURTIS. Is it large enough so that they can control the labor market and almost set the policy to be followed?

Mr. STANCHFIELD. That hasn't been true in the past. In other words, for the larger concerns, the bulk of the hiring has been at the factory gate or from application files.

Mr. CURTIS. I can understand that.

INCREASING USE OF EMPLOYMENT SERVICE

Mr. STANCHFIELD. There has been a tendency in the past few months, as the labor markets grew tighter, for the employment service to receive a larger proportion of the orders for workers, and to fill a larger part of those openings, but it still remains true that at least a majority of all of the jobs that are filled are filled directly by contact between the worker and the employer.

Mr. CURTIS. Will that be true in a plant especially constructed for some defense effort?

Mr. STANCHFIELD. There has been some discussion in the recent negotiations between O. P. M. and the unions and the automobile industry, of the possibility of concentrating all new hiring of defense workers in the employment service. That hasn't definitely been agreed upon, but if that were done, it would guarantee that local workers who are unemployed and available would get the first call for defense jobs, so there is a possibility of a development which would at least establish a centralized control on the expanding defense work.

Mr. CURTIS. This committee is very much interested in the question of subcontracting as a means of spreading defense production. The Michigan automobile industry, of course, is noted for the high degree to which it has developed subcontracting as an aid to production. Can you tell the committee what proportion of workers in the auto industry are employed by manufacturers who supply final producers?

Mr. STANCHFIELD. I think I could prepare some figures on that.

Mr. CURTIS. Would you do that and either give them to our staff or mail them to us in Washington? [1]

Mr. STANCHFIELD. I might comment at this point on that. In Michigan, we probably have a somewhat larger proportion of final producers than you would find for the industry as a whole, because we have here some of the largest final assembly plants, and some of those large companies draw in, through subcontracts, material which has been produced in States such as Indiana and Ohio, which go to build up the final assembly

PROPORTION OF SUBCONTRACTS LET

Mr. CURTIS. Can you give the committee any idea as to how many of the defense contracts let to employers in Michigan have been subcontracts and how many have been prime contracts?

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[1] See Exhibit A, p. 7197.

Mr. STANCHFIELD. The figures that we have, based on a recent quick study made by the defense council, would indicate that while there have been a little over $1,500,000,000 in prime contracts, the number of subcontracts would bring the total value of defense work for the State up to about $4,000,000,000. That would mean that subcontracts and other indirect defense work are larger than the prime contracts themselves.

Mr. CURTIS. It is a little hard to trace all that indirect business, isn't it?

Mr. STANCHFIELD. It would be extremely hard to get it all straight, because in some cases the subcontractor himself or even the purchaser doesn't know exactly what production is going into defense and what is going into nondefense work.

A company producing truck transmissions doesn't usually know whether or not this work is on a defense contract, ultimately. That is also true of the metal industries.

Mr. CURTIS. Has youi employment placement service observed any change in the employability of such portions of the labor reserve as Negro workers?

EMPLOYERS RELAX COLOR AND AGE REQUIREMENTS

Mr. STANCHFIELD. There has been a general tendency during the past year, as labor shortages began to be felt in certain occupations, for employers to relax their requirements in terms of age, color, extent of previous service, and so on. I would say that applies more to the age requirement than to the color requirement. There is still a tendency in a good many plants not to extend work opportunities as widely to the colored worker as to the white. That results in part from the fact the Negro worker, through past hiring restrictions of employers, usually has had less opportunity to acquire experience and qualifications for factory work than the white worker who might be an alternative for selection.

Mr. CURTIS. Has the employment training service been extended to Negroes?

Mr. STANCHFIELD. Yes; the same program has been extended to them, and we find that the proportion of Negroes who are trained is just about equal to the proportion of unemployed Negroes in the Detroit labor market.

EMPLOYMENT OF NEGROES

Mr. CURTIS. But their actual employment as skilled workers has not increased very much?

Mr. STANCHFIELD. The hiring of these Negro trainees has been slower than the hiring of white trainees for the same sort of work. However, there have been some notable exceptions, companies that have made a very real effort to divide the jobs between white and colored workers.

Mr. CURTIS. Do you have any recommendations as to how the Michigan Unemployment Compensation Act can be amended so as to assist workers about to be displaced, to tide them over until the pick-up in defense employment?

Mr. STANCHFIELD. What we really need to do is make jobs here and accelerate the tempo of defense production by every possible means, so that the length of time for which these stopgap measures may be needed will be reduced. However, unemployment compensation at present probably does provide too low a weekly benefit rate and too short a duration of benefits to cover the needs of the workers who are going to be displaced.

While it would be possible to amend the unemployment compensation law to increase the adequacy of those payments, I am inclined to think that what we need to do is to make more jobs in our factories. In other words, get more prime contracts into the State and get those spread out more widely among the subcontractors; make a very extensive and thorough study of individual communities in which material shortages, priorities or quotas are causing critical situations, and then see that some sort of work that is needed in connection with our national policy of defense is brought in to utilize at least the bulk of the labor supply we have. In recent weeks the Contract Distribution Service of O. P. M. has been very definitely expanding both its staff and its machinery dealing with what they call "priorities unemployment." Now, by "priorities unemployment" they mean unemployment which is resulting from production quotas or from the inability of civilian producers to get supplies and equipment.

PRIORITIES UNEMPLOYMENT SURVEYS

They have already asked the employment service to make studies of about 16 different cities in Michigan, and a couple more requests come through every week. In those studies we attempt to find out as carefully and as completely as we can exactly which employers in the community are going to have their nondefense work cut off or reduced for any of the reasons that I have mentioned; what types of workers are going to be displaced there, and the extent to which they might be absorbed by existing defense contracts. Then, if they find that the defense contracts that are now in sight are insufficient—and that is true in several important cities—the next step is to attempt to find defense contracts which can be moved into that area fast enough and in the proper form to create employment for the displaced workers.

In some cases it is easy to do that with only minor retooling or merely by a reallocation of production. In other cases, you find that substantial retooling may be required. In such cases there may be further pressure for getting more defense contracts in.

RELAXATION OF RULES ON DEFENSE CONTRACT ALLOCATION

Incidentally, the rules on allocation of defense contracts have been relaxed somewhat so that in areas which have been especially certified as "priorities unemployment centers," it is possible to assign a contract even though the price bid by the employer is as much as 15 percent above the price that might have to be paid to some other producer.

The rules have been relaxed so that groups of employers in a particular industry or in a particular community may bid collectively for a defense contract and then divide the job up among themselves in order to get it done.

DISLOCATION OF SALESMEN AND DISTRIBUTORS

Mr. Curtis. When the automobile industry returns to its peacetime task of producing automobiles, you will again need this vast army of salesmen and the distributors extending throughout the length and breadth of the land, in every city and village and cross-roads agency; will you not?

Mr. Stanchfield. That is right.

Mr. Curtis. And it is through their work in the past that you were able to make and sell so many automobiles. Now, what have you got to suggest for that individual, to cushion him against the curtailment of automobiles?

Mr. Stanchfield. That problem is a lot broader than the automobile industry alone. Remember, you have refrigerator salesmen, washing-machine salesmen——

Mr. Curtis. They are all out. In the rural areas, out in the country, the garageman sells all of those things. He sells Chevrolet cars and refrigerators and radios and washing machines, but from now on those things that he sells will not be available.

Mr. Stanchfield. I think the answer has to be the same that it is for the workers who are displaced from other types of civilian production. In other words, we have got to make enough jobs in the right places so that we don't have any black-outs in communities where there is no work at all; and when we get our productive system rolling as rapidly as we can on the defense program that we are contemplating now, we must make enough jobs so we can use the salesmen as well as the factory workers.

Mr. Curtis. It is not possible for the smaller communities to get defense activities.

Mr. Stanchfield. Usually it is not. You are thinking of the crossroads town or the small village?

Mr. Curtis. Yes.

Mr. Stanchfield. The unemployed workers from those areas, to the extent they are pushed out of the picture by priorities on the things that they sell, will probably be one of your migrant problems. That is, they will have to be absorbed somewhere else.

The Chairman. Mr. Stanchfield, I was very much interested in your statement that Michigan desires to employ local people. As you made that statement, I was thinking of the 48 States of this Union that are making it possible for the Federal Government to spend huge sums for the national defense. All of the 48 States are doing that, isn't that true?

Mr. Stanchfield. Yes.

The Chairman. Now, there are States of this Union that haven't a single defense industry, are there not?

Mr. Stanchfield. I did not know that was so.

The Chairman. There are several that haven't a single one. Now, if Michigan constructs a wall around herself and says, "We will only hire local people," and there comes a time when you haven't the necessary help here and you have to ask the other States to help you out, where are you going to be then?

NO WALL AGAINST IMPORTATION OF LABOR

Mr. STANCHFIELD. I wouldn't want my remarks to be construed to mean that there is an absolute wall against moving of workers into this area if they are needed. The policy I was trying to describe is one of using the local workers as much as they can be used—that is, taking up the slack of local unemployment before you call in workers from other areas.

The policy is, first, to use the men you have here even if it is necessary to relax specifications on age, color and so on; but eventually, as far as we are able to see into the future, there will be a time when we can use all the workers that we now have in the Detroit area in some kind of defense work. We will use at least that many workers.

CONTROL BY EMPLOYMENT SERVICE

There is this question in all of these estimates of unemployment we have been talking about: How many nondefense jobs will be eliminated and how many new jobs will be created in defense production? Although the difference between those is the net number of unemployed, actually some of the people who will be dropped out of the nondefense jobs cannot be moved into these defense jobs because they don't have the right occupational background. They lack the personal attributes or aptitudes that are needed for the new jobs. So there is a certain amount of milling around in the labor market. Some of the new jobs are bound to go to people other than those who have been pushed out of the old nondefense jobs, and in certain skilled occupations even now there may be cases where it is necessary to bring workers from some other community to Michigan centers. However, when that is done, it is the policy of the State employment service and the United States Employment Service to see that the movement should be controlled, working through the public employment service system as much as possible, so that instead of having the workers just move around hunting for work, the jobs are found for them in a selected area. Then, after every resource of that area has been exhausted, workers are brought in through the employment services of nearby communities, or eventually of other States, which will be notified that these openings exist. The proper workers will be located and then brought into the centers where they will be needed, with a definite promise of a job and no waste motion.

The CHAIRMAN. The Great Plains States—Nebraska, the Dakotas, Kansas—have lost over one million people in the last 10 years. Congressman Curtis, of Nebraska, has lost approximately half the people in his congressional district after 8 years of drought. Up until a few months ago Nebraska did not have a dime of defense contracts. I think finally they got one project at Omaha. There are some Southern States that haven't received any. So we must go a little carefully about this proposition of drawing walls about us, because if we are going to win out in this emergency, it will take the 48 States—all of them together, not three-quarters of them, not one-half of them, but all of them. That is what I am trying to get at.

Mr. Osmers. Were you here this morning, Mr. Stanchfield?

Mr. Stanchfield. I heard most of the testimony.

Mr. Osmers. I have been questioning some of the witnesses here and in other places with respect to price-fixing. Any form of price-fixing will have a very fundamental effect on the matter that we are discussing, and even on the movement of people. Do you believe that such price-fixing should include the fixing of wages and prices of agricultural commodities? In other words, should we fix our entire economy at one time?

PRICE FIXING

Mr. Stanchfield. That happens to be a little out of my line, since I am primarily interested in the labor supply and labor demand. I think you do have to recognize the fact that all prices are related to each other. On the other hand, when you try to fix prices—all types of prices, including wages—you run into the problem of just at what point in time you will fix the wages, and how you are going to reconcile the fact that some industries have already had their wages increased with rising costs of living while others haven't.

I don't, frankly, know the answer. I imagine Mr. Henderson can tell you something about that.

Mr. Osmers. We hope he knows the answer.

Now, another question: Is there any evidence of race discrimination? I listened carefully to your discussion of the Negro, with respect to some of these industries. Is there any other form of race discrimination in this area?

Mr. Stanchfield. I don't quite get the question. You mean Jim Crowism or things of that kind?

Mr. Osmers. Discrimination not only as to color, but as to race. Do you have any discrimination against certain races within your population, in the filling of jobs?

LITTLE RACE DISCRIMINATION IN MICHIGAN

Mr. Stanchfield. I would say there is probably very little of that in Michigan, for the reason that a very large part of our population is foreign born. I know in some other areas of the country there is a tendency to discriminate against the Italian name or the German name or the Polish name, or whatever the employer doesn't like.

In Michigan, if you look over the pay rolls of our plants, I think the answer to that question will be self-evident, that national origin certainly cannot be a major factor, because you will find almost every nation of the world represented in our big plants.

Mr. Osmers. I am glad to hear that.

There is just one other question I have in mind, and that is with respect to this unemployment compensation law. I heard you reply to Mr. Curtis that you thought the solution was more jobs. Well, that program will probably fall short throughout the United States.

In Michigan you might approximate the change-over because you have so many defense industries, but in the States that are not adaptable for defense industries, they are just going to get the bad parts. Michigan will probably end up among the first three or four States in the Union.

Now, jumping ahead to the post-war period. What changes do you think should be made in our unemployment compensation laws, briefly, that would cushion the post-depression period of a year or two that will come when all this is over?

Mr. STANCHFIELD. I have some rather definite opinions on that.

STANDARDIZATION OF UNEMPLOYMENT BENEFITS RECOMMENDED

In the first place, I think one of the weaknesses of the present unemployment compensation system is the fact that the standards of benefits—the amount paid, the duration for which benefits are paid, the requirements that must be met in order to qualify for benefits—tend to be more and more widely divergent among the States. Some States pay very low benefits. Others pay twice as high as the lower States. Some pay what amounts to considerably more than half of the full-time wage. Others pay considerably less under special formulas.

Under the present system, there seems to be more and more scattering among the States. The result is that, depending on local pressure, the unemployed worker in what you might call a progressive or liberal State has adequate protection against unemployment, if he is an insured worker. In other States, including a good many in the South, the system is very ineffective in providing protection.

FINANCIAL DIFFICULTIES

Now, another difficulty is the financial problem. A State like Michigan might be anxious to liberalize the benefit structure in terms of longer duration of benefits, or a higher maximum rate, or some other change that essentially is desirable, but with our present rate structure we can't afford it. Some other States that are less susceptible to unemployment might be able to go considerably farther and still remain solvent.

SUGGESTED CHANGES IN LAW

So—expressing now my personal opinion rather than the opinion of the commission—I feel that it is definitely necessary to consider two types of improvement. One is the establishment of uniform national standards governing the benefit structure and the eligibility structure and requirements of unemployment compensation; and, second, to rearrange the financing of unemployment compensation so that through what you might call a reinsurance plan, or some equivalent, the pay-roll taxes collected throughout the country can be made available to meet the Nation-wide needs rather than being allocated in little compartments to a particular State.

On that basis probably our present tax rate of 3 percent is plenty to give us a much more adequate benefit structure than we have now.

Mr. OSMERS. Do you have a huge surplus in Michigan?

INADEQUACY OF SOCIAL SECURITY RESERVES

Mr. STANCHFIELD. Definitely not. The fund has been rising. It is up now to just under $110,000,000, but our experience during the depression of 1938 and 1939 showed us that we probably will bear the brunt of any depression more severely than any other large State in the Union. We are highly specialized. We are dependent on mass production industries. We are dependent on Nation-wide marketing, and we believe that when a post-war or post-defense depression comes, the Michigan funds that we are now building up may be insufficient to carry all the load. They might carry the load with our present benefit structure, but they certainly impose serious limits on the extent to which we can increase our benefits on the basis of our own collections.

Mr. OSMERS. In my own State of New Jersey, we built up huge reserves and we reduced our taxes. That is my recollection of it. You feel, as a general thing, that there are measures that the Federal Government can enact that will strengthen and improve and equalize the whole set-up?

Mr. STANCHFIELD. Yes, sir; I do.

Mr. OSMERS. You don't feel we have anywhere near reached perfection?

EQUALIZATION OF BENEFITS SUGGESTED

Mr. STANCHFIELD. No, sir; as a matter of fact, when the Social Security Act was originally adopted it was with the understanding that there would be experimentation on a State-to-State basis, as even then there was a great deal of discussion of the possibility that there should be, if not a Federal system, at least Federal standards which would provide some uniformity between States; and I personally feel that the time has come when we should have some of that uniformity.

Mr. OSMERS. One of the objections that is constantly raised to equalizing those benefits, not only with respect to unemployment compensation but to all these measures that require a State set-up, is that the more prosperous States feel that their funds are being used to benefit the people in other States.

Now, it may not be a sound national viewpoint, but it certainly is a very practical consideration when you attempt to pass some of this legislation. That has been true of old-age assistance and unemployment compensation all the way through. What you face there is the fact that a good deal of the unemployment problem that we have to deal with has national causes, though it has local effects. Do you agree?

Mr. STANCHFIELD. That is right. In Michigan, as a matter of fact, we wouldn't suffer by some pooling of national resources. We would tend to be drawing money from some other State that had a surplus, and that would help us solve the problem which exists here, because we get 70 percent of the automotive unemployment of the country although we don't collect enough unemployment compensation contributions to pay adequate benefits to these workers.

The CHAIRMAN. Thank you very much, Mr. Stanchfield.

Mr. OSMERS. Mr. Chairman, Mr. Stanchfield would like to add a few words to his testimony.

NATIONAL APPROACH TO UNEMPLOYMENT COMPENSATION PROBLEM

Mr. STANCHFIELD. I have just one more comment on this question of a national approach to the unemployment compensation problem, and that is that regardless of what the normal situation is when we are not in a defense program, we do know that the unemployment we are going to face after this defense program will be something resulting from Nation-wide dislocations and a Nation-wide policy of building plants where we need them, building plants that we know eventually are going to fold up completely.

The location of that unemployment, and the impact of that unemployment, may have no direct relationship to the normal resources of the particular State where it occurs by the time it happens, and therefore, regardless of what might be desirable in a normal unemployment compensation system, we certainly need to give some attention to a national policy that will provide greater protection to unemployed workers immediately after the eventual decline of defense industries.

The CHAIRMAN. I want to say to you, Mr. Stanchfield, that is a very good backing for Congressman Osmers' contemplated bill, and I am inclined to back him up too.

Colonel Furlong will be our next witness. Colonel, will you come forward?

TESTIMONY OF LT. COL. HAROLD A. FURLONG, ADMINISTRATOR, MICHIGAN COUNCIL OF DEFENSE, LANSING, MICH.

The CHAIRMAN. Colonel Furlong, Congressman Arnold will interrogate you.

Mr. ARNOLD. Will you state your name and address and the position you hold?

Colonel FURLONG. Harold A. Furlong, Lansing, Mich., administrator of the Michigan Council of Defense.

Mr. ARNOLD. Colonel, you have submitted a statement here that is very valuable for our record and it will be inserted in the hearings in full.

(The statement referred to above is as follows:)

STATEMENT BY LT. COL. HAROLD A. FURLONG, ADMINISTRATOR, MICHIGAN COUNCIL OF DEFENSE, LANSING, MICH.[1]

The defense production program is serving to revive and locally accentuate migratory trends in Michigan which were strikingly in operation between 1910 and 1930, but which were checked and even reversed during the depression years of the thirties. The basic pattern of this migration has taken the form of large scale influx of population into the cities of southeastern Michigan, attracted by the phenomenal development of the automotive and auxiliary industries, and of a marked efflux from most of the rural counties of the State.

Between 1910 and 1930 the population of Detroit, as the mass-production capitol of the Nation, swelled from less than half a million to well over a million and a half. During the same two decades the combined population of focal Wayne County and of the contiguous counties of Macomb, Oakland, Washtenaw, and Monroe more than tripled, while that of the outer fringer of motor cities, Lansing, Flint, and Saginaw, increased by 163 percent. The influx into this region represented a compound of intrastate, interstate, and international migration.

Contemporaneously with this spectacular inflow into Michigan's industrial centers, there occurred a net loss of population in the majority of the counties of the State. The census of 1930 revealed that in 57 counties, or more than two-thirds of Michigan's 83 counties, there were fewer persons living than at some former census period. The are as in which this net efflux occurred included not only most of the cutover counties lying north of the Bay City-Muskegon line (reflecting the decline in farming, lumbering, and mining), but also the majority of the older settled and fertile agricultural counties of southern Michigan and the fruit-growing counties along the Lake Michigan shore. Here the shrinkage in population reflected the double influence of the pull toward factory and urban employment with its economic and social attraction, and of mechanization in commercial farming. Between 1920 and 1930 the farm population of the State declined from 848,710 to 782,394.

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[1] Prepared with the assistance of Prof. Harald S. Patton, Michigan State College, East Lansing, Mich.

MIGRATION IN DEPRESSION YEARS

These pronounced migratory trends prior to 1930 were checked and even reversed during the depression years of the thirties, which fell with special severity on the automotive and machine industries. Many unemployed persons drifted back from industrial centers to rural areas, while the natural increase of the latter tended to be largely retained. Between 1930 and 1940 the population of Detroit showed an increase of only 3.5 percent, compared to 58 percent in the preceding decade; and that of Pontiac an increase of but 2.6 percent, compared to 89 percent between 1920 and 1930. Lansing barely held its own, while declines of varying degree were shown by Hamtramck, Highland Park, Monroe, Flint, Grand Rapids, Battle Creek, Kalamazoo, and Jackson. On the other hand, the 1940 census showed more persons living than in 1930 in every county of the State, except four mining counties in the Upper Peninsula. In 1940 there were 18,190 more farms reported in the State than in 1930, and the number of persons living on farms increased by over 90,000. This movement represented, however, a retreat to the land and a recourse to subsistence or part-time farming and gardening, rather than an expansion in commercial farming, and many of those reported as living on farms were not actively engaged in agriculture. Thirty-five percent of the increase in the number of farms was among those 3–9 acres in size and nearly 90 percent was accounted for by those under 50 acres.[1] It is significant that this increase in the number of census farms occurred not only through nearly all the counties of the Upper Peninsula and the cut-over region of the Lower Peninsula, but even more markedly in highly industrialized counties. Thus Wayne County showed 74 percent more "farms" than in 1930; Oakland an increase of 67 percent; Macomb, 35 percent; Genesee (Flint), 82 percent; and Kent (Grand Rapids), 27 percent. On the other hand, there were fewer farms reported in 1940 than in 1930 in such important commercial agricultural counties as Lenawee, Eaton, Allegan, Berrien, and St. Joseph.

The decline during the thirties in the population of many Michigan cities and the slackened rate of growth in others, served to relieve the pressure for providing additional public utility, sanitary, housing, and school facilities which had been demanded by the spectacular influx into these industrial communities during the preceding two decades. On the other hand, the outward migration to lower rent areas and part-time farming locations imposed greatly increased demands for such public facilities and services upon peripheral townships and villages, whose existing bonded indebtedness and low assessed valuation, in combination with the constitutional 15-mill tax limitation, generally made adequate provision financially impossible.

CONTRIBUTIONS OF WORK PROJECTS ADMINISTRATION AND PUBLIC WORKS ADMINISTRATION

Considerable relief in meeting these problems has been afforded, however, in many localities through the Federal Work Projects Administration and Public Works Administration programs which have also contributed appreciably to qualitative improvements in public buildings, facilities, and services in larger cities. At the same time extensive highway improvements and the development of suburban and interurban bus lines with frequent schedules have contributed to making rural residence and urban employment and the supplementing of cash income with direct real income, a combination of increasing and widening practicability. Along with this the experimentations of the Farm Security Administration and the guided activities of county agricultural conservation committees and land-use planning committees have been working toward adjustment and stabilization among farm communities, and particularly toward long-term rehabilitation in the counties of the cut-over region and the Upper Peninsula.

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[1] For the purpose of the 1940 census a "farm" was defined as "all the land on which some agricultural operations are performed by one person, either by his own labor alone, or with the assistance of members of his household or hired employees." Census enumerators were instructed not to report as a farm any tract of land of less than 3 acres, unless its agricultural products in 1939 were valued at $250 or more.

By 1940, when business activity regained the 1929 level, there were signs that a certain equilibrium was being attained in Michigan between the urbanward migration of the twenties and the landward retreat of the early thirties. A new and more balanced demographic pattern appeared to be taking shape, characterized by a less disparate geographic distribution of population, by a higher proportion of rural residents, by a closer approximation between community facilities and community populations, and by a dwindling of intrastate migration, as compared to the twenties. The cyclical increase in industrial employment, following the recession of 1937–38 was met for the most part by the recall of local and commuter-range unemployed, rather than by the hiring of workers from outside areas.

Area Impact of Defense Production in Michigan

This new urban-rural pattern which was evolving in Michigan during the late thirties is now being disturbed by the impact of the defense-production program. Superimposed as it has been upon a cyclical upsurge in commercial production in which the automobile industry has set the pace, and concentrated as it is in Michigan upon the automotive centers, it has generated an emergency demand for mechanical labor which the competition of employers and the activities of recently recognized unions have promptly translated into uplifted wage rates. This situation has already resulted in reviving and locally accentuating both intrastate and interstate migration into the same areas when it was most pronounced between 1910 and 1930 and largely in abeyance during the thirties.

A greater volume of defense contracts has been awarded in Michigan than in any other inland State. During the 12 months ending May 31, 1941, the value of major defense prime contracts awarded by the Army and Navy Departments to Michigan contractors amounted to $724,000,000, the only States receiving larger awards being New Jersey, New York, and California where the category of "ship construction and equipment" accounted for a third of their combined total.[1] Defense orders placed in Michigan have been principally for Army trucks, tractors, trailers, and maneuvre vehicles, airplane engines and fuselages, medium tanks, antiaircraft and machine guns, shell casings, machine tools and precision instruments, marine engines, hoists and winches, forging and castings. It is natural that the bulk of these prime contracts should be placed with the major automobile concerns with their specialized and integrated plants, their large engineering and research staffs, and their established relations with manufacturers of parts and accessories.

The production of military vehicles involved a minimum departure from normal operations. The output of airplane engines and shells was a matter of engineering adaptation rather than of new plant construction or basic labor shift. When additional plant facilities were required, these could often be obtained most speedily and economically by the conversion of idle plants in industrial centers. Thus the Chrysler Corporation has taken over the old Graham-Paige factory in Detroit for the fabrication of Martin bomber fuselages, while in the Lansing area General Motors has converted the long disused Bohn-Ryan brass foundry into a forge plant turning out shells, and a large section of the idle Reo plant is being tooled for the production of Hamilton propeller blades by Nash-Kelvinator Corporation.

It is to the big automobile companies that the Army and Navy have also turned for the design, tooling, and operation of major defense plants where new and specialized construction was demanded, as in the case of the Ford bomber plant near Ypsilanti, and of the Chrysler tank arsenal and the Hudson naval arsenal near Center Line just inside Macomb County. While the economics of industrial location and management have dictated that all of these three huge plants should be erected on open land on the outskirts of Detroit, the effect is to accentuate the concentration of defense production and labor migration in the southeastern corner of the State.

BREAK-DOWN OF PRIME DEFENSE CONTRACTS

A break-down of prime defense contracts awarded for execution in Michigan up to July 26, according to the counties in which the contracting manufacturers or construction firms were located, reveals that 90 percent of the total value of $1,291,000,000 involved, was assignable to the six adjoining and industrially integrated counties of Wayne, Oakland, Macomb, Washtenaw, Genesee, and Saginaw. The only other counties outside this bloc in which the value of defense contracts awarded exceeded $5,000,000 were Muskegon ($40.7 million) in which Continental Motors Corporation is located, Bay ($19,000,000), Kent ($11,000,000), Calhoun ($9.7 million), and Jackson ($5.5 million). Contracts totaling between $1,000,000 and $3,000,000 for each county were also shown for St. Clair, Berrien, Ingham, and Eaton. While the process of subcontracting, the placing of orders for materials and accessories by manufacturers, and the inclusion of Government contracts for foodstuffs, fuels, and services which do not appear in these totals, suggests a somewhat more diffused pattern of defense production and employment through the State than the above figures indicate, the concentration of defense activity in the area between the Detroit River and Saginaw Bay is of staggering proportions. And this is bound to be accentuated by the bringing into production of the huge new defense plants now under construction and the execution of plant expansions in that region for which certificates of necessity have been issued.

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[1] A recapitulation by the Office of Production Management of all defense contracts awarded in Michigan up to June 30, 1941, including those for food, fuel, and services, and those let by the Defense Plant Corporation and by Defense Housing agencies, showed a total of over $1,000,000,000.

LABOR MIGRATION INTO DEFENSE PRODUCTION AREAS

The area allocation of defense contracts serves as an indicator of the localized distribution of the emergency demand for mechanical and construction labor. The existence of available labor reserves in the localities concerned does not preclude the drawing thither of many persons from other areas who are unemployed or who hope to better their employment by migrating to such centers of active demand and high wages. Mere reports of the awarding of large defense contracts or of the authorization of construction projects are sufficient to set large numbers of job seekers in motion.

While comprehensive and accurate data on the extent and distribution of recent labor migration into Michigan defense areas are not available, the council has gathered certain indications from various sources.

MOTOR VEHICLE OPERATOR LICENSES

1. A recent check made by the registration division of the secretary of state's department of the number of motor vehicle operator's licenses issued to applicants who had entered Michigan from other States showed a total of 10,918 for the 3 months of June, July, and August of this year. It may be presumed that most of these car owners brought one or more other persons with them into the State, either as family dependents or additional job seekers. The Michigan addresses reported by these licenses indicated that 5,585, or more than one-half of the total, had located in Wayne County, and another 1,288 in the adjoining counties of Oakland, Washtenaw, and Macomb. Other counties on each of which more than 275 licenses were issued to out-of-State applicants included Genesee (Flint), Kent (Grand Rapids), Ingham (Lansing), and Calhoun (Battle Creek). These 8 industrial counties accounted for four-fifths of all licenses issued during the last 3 months to operators entering from other States.

WORK PROJECTS ADMINISTRATION SURVEY OF MIGRATION

2. A survey of "recent migration into Detroit and its environs" conducted by the Work Projects Administration Division of Research in June 1941 found that 16,300 workers, accompanied by 17,600 dependents, had moved into the survey area (which included Detroit proper and 17 satellite cities, but not open country areas) from places outside of Wayne, Oakland, and Macomb Counties subsequent to October 1, 1940, who were still living in the survey area in June 1941. The principal origins of these migrants were found to be the large industrial cities of the east and midwest, the "depressed areas" of northern Michigan, and mountain communities lying south of the Ohio River, the average distance traveled being 340 miles. Only 4 percent of these migrants were Negroes. Forty-one percent of all the migrant workers came from rural places, and 21 percent had been engaged in agriculture at their last place of residence. Most of the workers (68 percent) had moved to the Detroit area for the first time, and of those who had formerly lived there about half had been absent for 4 years or more.

While 17 percent of these migrant workers reported that they had been without jobs at their last place of residence, only 10 percent were found to be unemployed in Detroit at the time of the survey. Of the latter one-fifth had been jobless in the places from which they had migrated, another fifth had been engaged in farming or mining at the time of leaving, and approximately another fifth in domestic and personal service. Most of those who were skilled or semiskilled and had previously been engaged in manufacturing or construction had found employment in Detroit, and a considerable proportion of those who had previously worked in unskilled or nonmanufacturing occupations had succeeded in moving up the occupational scale or making an industrial shift. Thus twice as high a percentage of these migrant workers were employed in Detroit in skilled or semiskilled occupations as in their last place of residence, and whereas only 26 percent had been previously engaged in manufacturing or construction, 50 percent were so employed in Detroit at the survey date.

It is noteworthy that more than half of these migrant workers were unaccompanied by any dependents, and that the total number of dependents brought in was only slightly more than the number of workers. The total number of migrant persons (33,900) was equivalent to only 1.8 percent of the 1940 population of the area surveyed. This would imply that the additional demand so represented on housing and school facilities in the Detroit area did not in itself present a serious problem. The authors of the survey report concluded that "by and large the movement into Detroit appears to have proceeded with reasonable smoothness," and that "in general the migrants appear to have made a remarkably realistic appraisal of the economic opportunities of the Detroit area."

This rather reassuring conclusion is subject, however, to several qualifications. The survey does not include persons who may have come to the Detroit area in search of jobs between October 1, 1940, and June 1941 and departed because of failure to find employment. It excludes migrations of persons within the three counties of Wayne, Oakland, and Macomb, and of course it does not cover migrations into the Detroit area since the survey date in early June, which are known to have been on an expanding scale, and are almost certain to increase in the near future in view of anticipated labor requirements on existing defense contracts, and of the bringing into operation of new defense plants under construction or tooling.

REGISTRATIONS FOR EMPLOYMENT

3. An analysis of new applications for employment accepted by Detroit area offices of the Michigan Unemployment Compensation Commission, according to location of last employment prior to registration, reveals that of 108,038 new registrations for the 13-month period August 1940 to August 1941, inclusive, 24.4 percent were of applicants whose last place of employment was outside of Detroit. The proportion of these increased from 18.8 percent in August 1940 to 34 percent in August of this year. The following tabulation shows the number and the regional distribution of these new applicants for the entire period and for the initial and last months included.

Period	Total all locations	Location of last employment prior to registration				
		Detroit	Applicants with last employment outside Detroit			
			Total	In Michigan	Great Lakes States	All other locations
Total, 13 months	108, 038	81, 720	26, 318	7, 132	5, 775	13, 411
August 1940	3, 686	2, 994	692	158	151	383
August 1941	10, 194	6, 731	3, 463	1, 175	731	1, 557
PERCENTAGE DISTRIBUTION						
Total, 13 months	100	75. 6	24. 4	6. 6	5. 4	12. 4
August 1940	100	81. 2	18. 8	4. 3	4. 1	10. 4
August 1941	100	66. 0	34. 0	11. 5	7. 2	15. 3

It will be seen from the above that the number of new applicants who had last worked in Michigan outside Detroit increased from a mere 158 in August 1940 to 1,175 in August of this year, and that the number of registrants from more distant locations beyond the Great Lakes States more than quadrupled within that interval. While the number of applicants under the Detroit column was 6,731 last month, compared to 2,994 in August 1940, it constituted a marked decrease from the 10,813 registered in March, and doubtless represented many who merely wished to change their jobs, as well as young persons completing defense training courses.

SURVEY OF MACOMB-OAKLAND AREA

4. A survey of the Macomb-Oakland industrial defense area, conducted jointly in June 1941, by the Michigan Council of Defense, the National Resources Planning Commission, and the United States Public Health Service (a copy of whose report is attached as an exhibit[1]) reveals that whereas in the three Macomb County townships of Warren, Erin, and Lake adjoining the northern boundary of Detroit city, there had been only a few hundred industrial employees at the time of the 1940 census, there were actually 9,293 such employees in June 1941. It is in this area that the new Dodge truck factory, the Chrysler tank arsenal, the Hudson naval arsenal, and several smaller plants employed in defense production have been located, and it is estimated that the labor loads of these combined plants will amount to 14,890 by January 1, 1942, and rise to 27,640 by June 1, 1942. The 1940 census showed a population of 55,329 residing in these three townships. The survey report estimates that the new industrial employment in this area will result in an increase of population of some 70,000, or nearly 110 percent by June 1942. Southern Macomb County constitutes the most acute and concentrated area of actual and prospective defense migration in the entire State, and it presents formidable and urgent sanitary, housing, and school problems, concerning which the report makes specific recommendations, especially on the imperative necessity of the immediate undertaking of a master sewage-disposal system.

LETTERS TO CHAMBERS OF COMMERCE

5. Letters sent out in late August by the executive secretary of the Michigan Council of Defense to all chambers of commerce in the State, inquiring as to the nature and extent of defense migration in their respective communities, brought in replies from 17 cities. From these incomplete reports it appeared that cities in northern Michigan (Hancock, Iron Mountain, Gladstone, Alpena) were losing workers, most unemployed, by migration mainly to the southeastern part of the State. Cities on the fringe of the Detroit metrpolitan area (Bay City, Saginaw, Flint, Pontaic, and Jackson) were in substantial agreement in reporting that increased factory employment represented the absorption of resident unemployed, and was accompanied by reduction in local relief and Work ProjectsAdministration loads, rather than by any appreciable influx of job seekers from outside areas. (The manager of the Pontiac Chamber stated that "99½ percent of our employees today are residents of Pontiac, Oakland, or adjacent counties.") The Greater Muskegon Chamber, in reporting that local factory employment had risen by over 7,000 since April 1940, stated that while some 2,000 of these additional employees had been taken from Work Projects Administration rolls, and another large element was represented by commuters, an estimated three to four thousand had immigrated into the area, particularly from the nothern half of the Lower Peninsula. Ann Arbor reported an increasing number of transient workers, mostly headed for the Detroit area; and the secretary at adjacent Ypsilanti stated that "the influx of unskilled workers from the south continued unabated."

Some significant figures were submitted to the council by the city manager of Plymouth in Wayne County showing the distribution of employees of 5 factories in that city according to the distance which they daily traveled to work. In the case of the old established Daisy Manufacturing Co., 97 percent of its 325 employees lived within less than 5 miles of the factory. On the other hand, in the case of the new defense plant of the Kelsey-Hayes Wheel Co., only 13 percent of its 750 employees lived within 5 miles, and no less than 60 percent came to work daily from living locations beyond the 10-mile range.

Impact of the Defense Program on the Copper Counties

While the positive and stimulating impact of the defense program is being concentrated in the southeastern corner of Michigan its negative and hampering effects are being felt most acutely in the northern extremity of the State, where the copper industry has been adversely affected by rising costs in the face of a ceiling price for its product. Although copper production in the Upper Peninsula increased by 85 percent between 1921 and 1929, the populations of Houghton and Keweenaw Counties declined between 1920 and 1930 by 26.5 and 19.7 percent,

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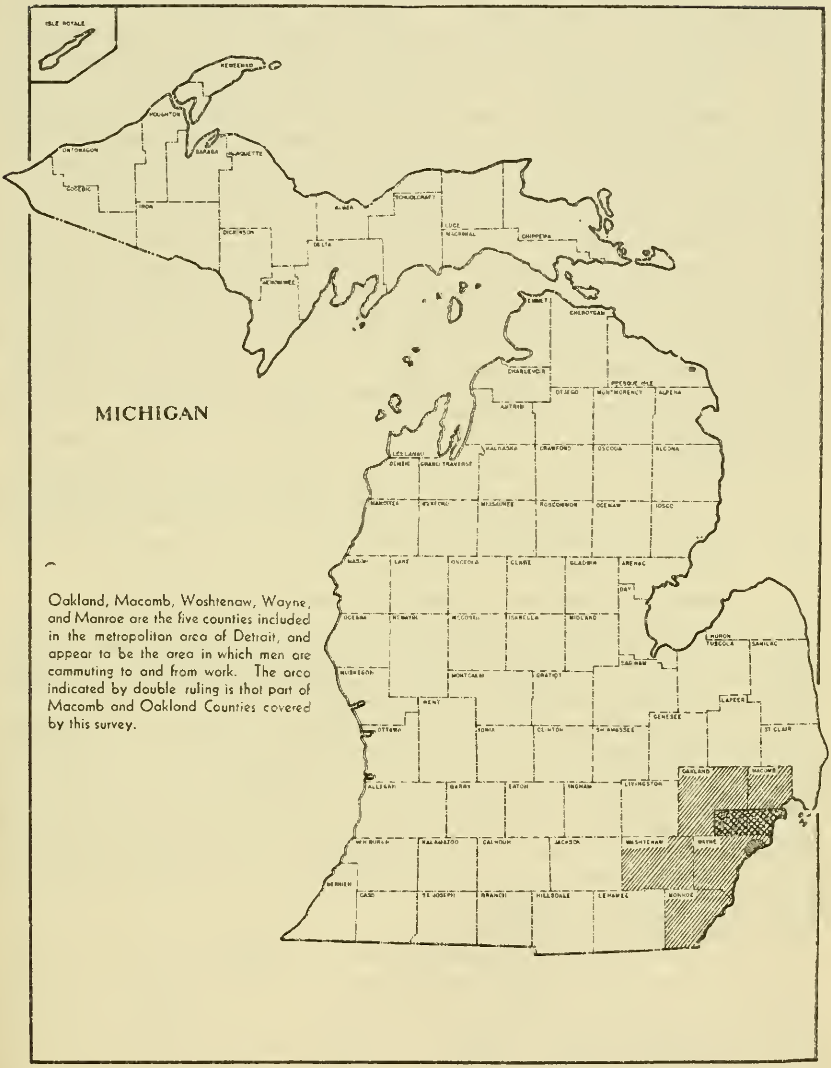
[1] Held in committee files.

SHOWING LOCATION OF MACOMB-OAKLAND AREA


ISLE ROYALE
MICHIGAN
KEWEENAW
HOUGHTON
ONTONAGON
GOGEBIC
BARAGA
MARQUETTE
IRON
DICKINSON
MENOMINEE
DELTA
ALGER
SCHOOLCRAFT
LUCE
MACKINAC
CHIPPEWA
EMMET
CHEBOYGAN
CHARLEVOIX
PRESQUE ISLE
OTSEGO
MONTMORENCY
ALPENA
ANTRIM
LEELANAU
BENZIE
GRAND TRAVERSE
KALKASKA
CRAWFORD
OSCODA
ALCONA
MANISTEE
WEXFORD
MISSAUKEE
ROSCOMMON
OGEMAW
IOSCO
MASON
LAKE
OSCEOLA
CLARE
GLADWIN
ARENAC
BAY
OCEANA
NEWAYGO
MECOSTA
ISABELLA
MIDLAND
HURON
TUSCOLA
SANILAC
MUSKEGON
MONTCALM
GRATIOT
SAGINAW
LAPEER
KENT
GENESEE
OTTAWA
IONIA
CLINTON
SHIAWASSEE
ST CLAIR
OAKLAND
MACOMB
ALLEGAN
BARRY
EATON
INGHAM
LIVINGSTON
VAN BUREN
KALAMAZOO
CALHOUN
JACKSON
WASHTENAW
WAYNE
BERRIEN
CASS
ST JOSEPH
BRANCH
HILLSDALE
LENAWEE
MONROE

Oakland, Macomb, Washtenaw, Wayne, and Monroe are the five counties included in the metropolitan area of Detroit, and appear to be the area in which men are commuting to and from work. The area indicated by double ruling is that part of Macomb and Oakland Counties covered by this survey.

respectively. This was due mainly to consolidations and technological improvements in the Michigan copper mining industry without which production could not have been sustained in competition with the newer and lower cost open pit mines of the Southwest. During the depression years of the thirties, when most of the mines had to discontinue operations, the exodus from these counties continued and they showed the highest relief loads in the State. Between the 1930 and 1940 census years the populations of Houghton and Keweenaw further declined by 10 and 20 percent, respectively, although during the same decade the population of every other county in the Upper Peninsula, except Iron and Dickinson, showed some increase.

Moderate recovery of copper prices after 1933, and selective concentration upon high grade veins, made possible a stepping up of production from the low point of 46,800,000 millions pounds in 1933 to an average of about 90,000,000 between 1936 and 1940, with 6 of the 19 mines operating in the last year. By the time the defense program was launched a measure of stabilization and adjustment had been attained in the copper country and considerable progress was being made in the rehabilitation program under the Farm Security Administration in cooperation with county and local authorities and the mining companies.

Although only a few small-scale defense contracts have come to Upper Peninsula cities (Escanaba being a limited beneficiary), the defense program is inducing somewhat greater activity in the iron-mining and lumbering industries. In the case of the copper industry, however, the necessity of raising wages to meet the lure of high paid employment opportunities elsewhere, with most mines and workings definitely submarginal at the present controlled maximum price of 12 cents for copper, makes it unlikely that even the low output level of recent years can be maintained. Meanwhile the efflux of workers from the area has been accelerated. The Hancock Employment Office of the unemployment commission which serves Houghton, Keweenah, and Baraga Counties, in recently checking registrations from active to inactive files, found that about 60 percent of those who had failed to renew their cards had left the district, indicating a migration of over 2,000 workers.

In the interests both of arresting further degeneration of the economy of this depressed area and of increasing domestic output of copper for defense needs, there exists strong justification for authorization by the Federal Price Administration office of a supplementary price scale for copper produced in Michigan mines, corresponding to established differential costs.

IMPACT OF DEFENSE PROGRAM ON FARM LABOR SITUATION

Defense production activity in Michigan impinges in a palpable measure on the supply and supply price of labor required on general and dairy farms, and in a less direct manner upon the interstate migration of seasonal farm labor to the fruit, sugar-beet, and onion-growing areas of the State.

As noted in the first section of this memorandum, the drift from Michigan farms to southeastern cities which characterized the twenties was reversed during depression years of the thirties, and the number of persons reported in the 1940 census as living on farms in Michigan was over 90,000 more than in 1930. A large number of those so reported, however, were properly urban workers living on 3- to 10-acre holdings, and engaged in part-time or incidental fruit or vegetable farming, poultry-raising, etc. Industrial recovery in the pre-defense period was already leading to some return movement to cities, and the number of "census farms" which had risen sharply from 169,372 in 1930 to 196,517 in 1935, was reported as 187,589 in the 1940 census.

The swelling volume of defense employment is tending not only to draw back to cities workers who had retreated to farms or rural villages in depression years, and to attract young farm people, but it has also inevitably induced a rising scale of wages for farm labor, under the familiar operation of the principle of "opportunity cost." According to the State agricultural statistician's office the weighted average of farm wages (with board) in Michigan rose from $30.25 per month in July 1940 to $39.75 in July of this year, an advance of over 30 percent. This is occurring at a time when the Government's food defense program is calling on farmers to heavily expand production of meat animals, milk, poultry and eggs, and canning crops.

Migration from Michigan farms does not appear so far to be as extensive as claimed in certain quarters. Analysis of new applications received at the Detroit area offices of the State employment service during the 13-month period August 1940 through August 1941, reveals that of total applicants numbering 108,038 only 733 were classified as having been last employed in "agriculture, forestry, or fishing." Of these only 469 gave Michigan as their place of last employment; and of these in turn 305 had worked on farms in the immediate Detroit area. Doubtless there has been a larger movement from Michigan farms to nearby manufacturing cities, but the main problem appears to be the rising cost of farm labor, and of meeting the need for additional help under the defense program of expanded food production.

The defense program with its increasing absorption of resident Michigan workers is already giving signs of intensifying the migration of seasonal farm laborers from the South. This has been a growing movement in recent years, and has been attracted mainly to the small fruit region of Berrien and Van Buren Counties in the southwest corner of the State, to the sugar-beet areas of the Saginaw Valley and Thumb districts and Lenawee County, to the commercial onion farms in south-central counties, and to the mint farms of Clinton County. A survey of migrant farm labor in Berrien County, conducted during the 1940 season by the Labor Division of the Farm Security Administration indicated an interstate influx of at least 10,000 migratory workers, of which 75 percent were white families from Arkansas and Missouri (mostly displaced sharecroppers) and the remainder mostly single Negro workers from the South. Of 12,400 beet laborers in Michigan sugar factory districts in 1939, over three-fifths came from outside the State, mostly Mexicans recruited in Texas. In view of the recent removal of domestic sugar quotas, and of reduced availability of resident workers, a greater influx of beet laborers from the South may be anticipated next season.

So long as less toilsome and more remunerative opportunities of employment are available to Michigan residents—intensified as they now are by the defense boom—the seasonal influx of Mexican, Negro, and "poor white" labor is an economic necessity, unless the pattern of Michigan agriculture is to be substantially altered. The problem, however, is not merely one of labor supply, but even more, one of public health, involving housing, sanitation, medical examination, and communicable disease control. The problems and needs in this direction are elaborated in the statement prepared by Dr. Moyer, commissioner of the Michigan Department of Health, to which the State council of defense urges that the investigation committee should give special attention.[5]

Possibilities of Minimizing Defense Labor Migration

As developed in the foregoing analysis, the extreme concentration in the Detroit areas of the primary impact of defense production in Michigan is inducing a labor migration which not only creates serious housing and sanitary problems in the areas of influx, but is also proving embarrassing to such areas of efflux as farming communities and the copper country. And the greater the volume and velocity which this movement attains the more formidable will be the dislocation and problem of readjustment when the flood of emergency defense orders subsides. Migration of workers from one area to another is advantageous to both localities, as well as the workers themselves, when it results in the needed employment here of those who were idle or dependent there. But it is economically wasteful and socially disturbing when it draws large numbers of persons from places where their services are needed to localities where the intensified labor demand is capable of being supplied from those already resident in the area concerned. As Secretary John Lovett of the Michigan Manufacturers' Association has aptly put it, "Stirring the water around does not fill the pail." This suggests the crucial importance of planned efforts to minimize dispensable migration and to maximize the utilization on defense production of the actual and potential resident labor supply. To the extent that this is realized local pressures will be eased and the problem of post-defense boom readjustment be mitigated.

In the Detroit area the potentially available local labor supply includes the following elements:

(1) APPLICANTS REGISTERED WITH THE DETROIT CENTRAL PLACEMENT OFFICE

On July 31, registrants in the active files totaled 60,833 of whom 12 percent were classed as skilled and 34 percent as semiskilled. While these include an unreported number who were seeking merely to change their jobs or had failed to report placement to the office, the figures suggest that the available resident labor reserves of the Detroit market have been by no means fully absorbed. They also suggest the importance of fuller utilization by employers of the facilities of the State employment offices, and of giving preference to resident applicants.

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[1] See p. 7552 and Detroit hearings (Agricultural Section), "Report of an Epidemic of Diphtheria Among Mexican Migratory Workers in Saginaw County."

(2) COLORED WORKERS

The Michigan Unemployment Compensation Commission in a special report last June on Occupational Qualifications of Available Negro Workers Registered with the State Employment Service, pointed out that nearly one-fifth of the registered applicants in the area served by the Detroit Central Placement Office on April 25 were colored, and that of 10,609 colored male registrants 1,282 were classified in skilled and 2,547 in semiskilled occupations. Relaxation of certain employers' prejudices against the hiring of colored workers would presumably serve therefore, both to reduce unemployment and relief loads in the Detroit areas, and to lessen the occasion for the drawing in of workers from outside places, with its attendant strain on housing facilities.

(3) TRAINING OF RESIDENT YOUNG PERSONS

The coordinated vocational education and National Youth Administration defense training programs offer significant possibilities of increasing the supply of special skills and services required in defense production, both quantitatively and qualitatively, through the selective utilization of resident young persons. At the end of July Detroit's vocational education program for national defense training had nearly 2,000 enrollees in preemployment classes (representing prospective new workers) and over 9,000 in supplementary courses (representing the "upgrading" or specialized adaptation of men already employed). In addition some 500 workers on National Youth Administration defense projects were also securing instruction in defense occupations. Registration of these trainees with State employment offices and cooperation of employers facilitates their placement where they can be most effectively used, and their availability as "dilutants", releases more experienced workers for "upgraded" tasks.

(4) TRANSFER OF WORKERS FROM NONDEFENSE PRODUCTION

The most important possibility of meeting the emergency demand for mechanical labor in defense production from local sources, both in Detroit and other southern Michigan cities, lies in the transfer of experienced mass-production workers released by the compulsory curtailment in automobile output for the 1942 model year. The recent announcement of 4- and 12-month quotas for individual manufacturers removes the element of uncertainty which has long overhung this inevitable subordination of civilian to defense production, and it affords a definite basis on which labor planning can proceed. The shifting of automobile workers to defense plants and operations involves delicate questions of seniority and grade and job reclassification. The now all-inclusive establishment of collective bargaining in the Michigan automobile industry has proved conducive, however, to the negotiated acceptance of standard principles governing these issues. In view of the drastic curtailment in automobile output the erection of the huge Chrysler and Hudson arsenals and of the Ford bomber plant on the outer fringe of Wayne County is likely to induce a much smaller volume of labor migration and to create a less serious housing problem than was earlier anticipated. These defense plants lie within commuting range of the present homes of most workers in the automobile factories of Detroit, Dearborn, and Pontiac. The problem becomes therefore one of improved transportation facilities rather than of new large-scale housing projects for incoming migrants. The Michigan Highway Department's plan for a system of three-grade access highways to the Ford bomber plant between Dearborn and Ypsilanti is indicative of how this problem may be met.

COMMUTING VERSUS MIGRATION

Commuting represents a form of labor mobility in which the worker may change his place of employment while retaining his place of residence. As such it is generally less disturbing to communities than is actual migration on an equivalent scale, especially where the latter involves the movement of entire families, and where the employment is of uncertain duration. Work-commuting serves to link urban and rural communities and to make for greater social stability.

According to reports reaching the Council it appears that in most of the larger Michigan cities outside Detroit and Muskegon the increased number of workers on the pay rolls of factories affected directly or indirectly by defense orders has so far been accompanied by a considerable addition in the employees commuting from surrounding townships and villages rather than by any extensive migration of workers and their families from distant locations. For example, the personnel manager of the new General Motors forge plant near Lansing, engaged in turning out shells, states that not more than 2½ percent of its present 1,100 employees have come from beyond a 40- to 50-mile zone, most of those from outside Lansing commuting from their homes.

The maintenance by the State employment service of part-time offices in smaller cities and recent experiments in advertising scheduled appearances of its interviewers in still smaller places served to uncover available workers in shortage occupations living in rural centers. For instance, during a recent 5-day appearance at Caro, a village of 3,000 in Tuscola County, 372 individuals were registered, including machinists, core workers, molders, engine-lathe, and automatic-screw operators. While the place where such skills are wanted may be beyond commuting range of the place where they are discovered, migration of such workers within the State serves to reduce the occasion for interstate migration. Fuller utilization by employers of the State employment service with its interdistrict and interstate clearing system, and formation of proposed labor-pool agreements among local employers' associations, are among the most effective means of maximizing the use of local labor supply and minimizing long-range or unnecessary migration.

Federal Assistance

Despite all that may be done by intelligent planning and cooperation within the State to minimize dispensible labor migration, along the lines suggested above, and to deal with local housing and sanitary problems, the defense production program in Michigan has generated certain situations which demand special Federal assistance. Among the most urgent of these, as emphasized elsewhere in this statement, are:

(1) Immediate financial provision under the Public Works Administration or Lanham Act for carrying out the master plan of the Michigan Stream Control Commission and Department of Public Health for sewage disposal in southern Macomb and Oakland Counties.

(2) Provision through the office of the Defense Housing Coordinator for appropriate supplementary housing facilities in the Center Line area of Macomb County, and probably between Dearborn and Ypsilanti.

(3) Additional grants through the United States Public Health Service to permit more adequate inspection and immunization among migratory farm laborers, and the experimental establishment of government camps for such workers under the Federal Security Administration where local authorities can be induced to concur.

(4) Approval by the Office of Price Administration and the Reconstruction Finance Corporation of a system of supplemental price payments based on differential costs for copper produced in Upper Peninsula mines.

Exhibit A.—Letter From Michigan Defense Council Discouraging In-migration

(The attached letter was sent from the Michigan Council of Defense on July 19 to the following States: Virginia, Missouri, Florida, Georgia, Arizona, Oklahoma, Louisiana, Alabama, Kentucky, North Carolina, Arkansas, South Carolina, West Virginia, Texas, Tennessee, Kansas, Mississippi, and New Mexico.)

July 19, 1941.

Dear ———: It has recently come to our attention from several communities in Michigan that there is a growing influx of unskilled labor into Michigan. This, of course, is due to the information that has gone out regarding the defense industries developing in this State.

Permit us to call your attention to the conditions as they exist. A great many contracts have been allocated to Michigan firms, and many of the plants are operating to full capacity, but a number of plants are still under construction, namely the tank arsenal, the Ford bomber plant, and the Hudson naval arsenal.

These plants, with a large total of new jobs, will not be in operation much before the middle of November and will not reach their maximum capacity for a year. In the meantime, the production of automobiles has been decreased and most of the men who are employed in the automobile industry will be absorbed by the new defense plants. Besides this there is still a large number of unemployed registered with the State employment service to be absorbed by Michigan industries.

With this information our surveys indicate that we have plenty of men available in Michigan to meet the labor demand for at least a year.

Will you give out the information through your council of these conditions in Michigan and urge the men in your State not to come to Michigan in hopes of getting a job in the defense industry, except as they are assigned through the United States Employment Service.

Winter will soon be here and many of these families coming to Michigan in hopes of finding a job are bound to be disappointed.

Permit us to express our thanks to you in advance for your cooperation in this matter.

Very truly yours,

HAROLD A. FURLONG,
Lieutenant Colonel, Medical Corps, Administrator.

TESTIMONY OF LT. COL. HAROLD A. FURLONG—Resumed

Mr. ARNOLD. Would you rather proceed with some questions based on that statement, or do you have something to add to it?

Colonel FURLONG. I think I would prefer that you ask the questions. I would like to say, however, that in Michigan we very greatly appreciate the committee's coming here. We feel that it gives us an opportunity to present to you information that it would not be possible otherwise to present, and I think that the publicity which you have received from all sources has been a splendid indication of the popularity of your visit here.

I hope you will receive all the information that you desire and, so far as the Defense Council is concerned, we will be glad to furnish any further information that we can obtain.

The CHAIRMAN. We will extend you the courtesy of presenting any additional statement you care to make for our records. You may send it to Washington or hand it to our staff here.

You may proceed, Congressman Arnold.

Mr. ARNOLD. Will you summarize briefly for the committee the powers and duties of the Michigan Council of Defense, bearing in mind, of course, that we are particularly interested in a description of those duties which relate most nearly to the problems occasioned by migration?

POWERS AND DUTIES OF MICHIGAN COUNCIL OF DEFENSE

Colonel FURLONG. As set up in the recent legislation, the Michigan Council of Defense, composed of 11 members, is an advisory, investigative, and coordinative agency to assist the branches of State, Federal, and local branches of government in bringing the defense program as closely as possible in touch with the people of Michigan. It has no mandatory powers as such.

MICHIGAN IN-MIGRATION

Mr. ARNOLD. Have you any estimates as to the volume of migration into Michigan as a result of the defense program, or of the volume of migration within the State?

Colonel FURLONG. As you have heard from previous witnesses, that is a very difficult problem on which to get any accurate information. We here in Michigan are confronted not only with the seasonal migration in and out of the State which is associated with the automotive industry, but we also have a seasonal agricultural migration in and out of the State, associated with the fruit and sugar-beet industry particularly, and the onion industry in certain parts of the State.

Those are problems that we always have with us. There has been, in addition, some out-migration, particularly from the copper-producing areas in the Upper Peninsula. Those people are being attracted by higher wages in other copper-producing areas, or by the defense industries in this part of the State.

There is some indication that in certain parts of the State—it is rather fragmentary, I admit—that there is a certain amount of in-migration into the State, particularly around Detroit and Muskegon.

OUT-MIGRATION FROM COPPER AREA

Mr. Arnold. So from the copper area you are losing residents to other parts of the State and to the outside?

Colonel Furlong. Yes.

Mr. Arnold. What recommendation has the Defense Council for meeting the shortage in health, housing, and educational facilities in defense communities? The committee has in mind, for example, the situation in Macomb County.

SITUATION IN MACOMB COUNTY

Colonel Furlong. Well, the Macomb County situation has been completely covered in the report that was prepared by the Defense Council. We have copies of that here for your consideration.[1]

The situation in Macomb County is that of an area which was, a few years ago, largely rural, and which, during the decade of the twenties, began to urbanize and then suffered very keenly during the depression years and again has shown a very great increase in population.

For the period between the 1930 and 1940 census there is shown an increase of about 39 percent in population in that area. It never fell off completely. There has always been an upward trend. The area for a number of years has been one of the rich agricultural parts of the State, and perhaps hasn't developed as quickly as some of the counties immediately north of Detroit, such as Oakland County, because of the less desirable terrain.

The development there has been mostly among the men employed in the large industries in Detroit. There is a rather substandard type of housing in that area caused somewhat by the poor natural facilities of drainage.

We look upon the major problem in the area of Macomb County as one of providing a fundamental necessity, an outlet for the sewage disposal.

You asked the question, What recommendations has the Council to make?

The Defense Council has been working with various State and local and Federal agencies in an attempt to arrive at a logical solution of the difficulty in that area. It is not only an area of low income, but one in which, because of the many adjoining municipalities, there are many municipal agencies at work. There is a problem there of

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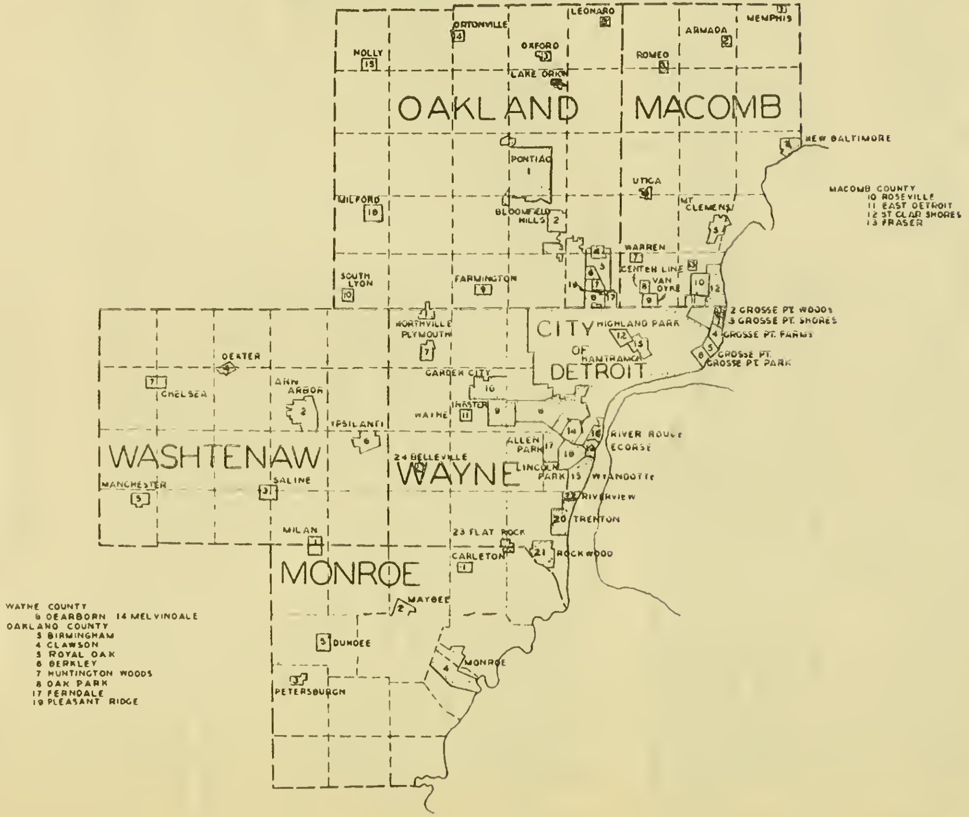
[1] Held in committee files. Data contained in the report are summarized in Exhibit 25, Social Welfare in Macomb County, pp. 7678–7693.

FIVE-COUNTY AREA SURROUNDING DISTRICT


OAKLAND
MACOMB
WASHTENAW
WAYNE
MONROE
CITY OF DETROIT
HOLLY
ORTONVILLE
OXFORD
LEONARD
LAKE ORION
ROMEO
ARMADA
MEMPHIS
NEW BALTIMORE
PONTIAC
UTICA
MILFORD
BLOOMFIELD HILLS
MT CLEMENS
WARREN
CENTER LINE
VAN DYKE
SOUTH LYON
FARMINGTON
NORTHVILLE
PLYMOUTH
HIGHLAND PARK
HAMTRAMCK
2 GROSSE PT. WOODS
3 GROSSE PT. SHORES
4 GROSSE PT. FARMS
5 GROSSE PT.
6 GROSSE PT. PARK
DEXTER
CHELSEA
ANN ARBOR
GARDEN CITY
INKSTER
WAYNE
YPSILANTI
ALLEN PARK
RIVER ROUGE
ECORSE
24 BELLEVILLE
LINCOLN PARK
15 WYANDOTTE
RIVERVIEW
20 TRENTON
MANCHESTER
SALINE
MILAN
23 FLAT ROCK
CARLETON
21 ROCKWOOD
MAYBEE
DUNDEE
MONROE
PETERSBURGH
MACOMB COUNTY
10 ROSEVILLE
11 EAST DETROIT
12 ST CLAIR SHORES
13 FRASER
WAYNE COUNTY
6 DEARBORN 14 MELVINDALE
OAKLAND COUNTY
3 BIRMINGHAM
4 CLAWSON
5 ROYAL OAK
6 BERKLEY
7 HUNTINGTON WOODS
8 OAK PARK
17 FERNDALE
19 PLEASANT RIDGE

dealing with a great many governmental agencies, both county and local, and it has been complicated for that reason.

PROBLEM OF SEWAGE DISPOSAL

Over-all sewage disposal plans have been worked out in that area, and we are hopeful that through the recently enacted community-facilities bill and through Mr. Carmody's department of government, we will eventually be able to work out a solution for the disposal of sewage.

The CHAIRMAN. The trouble with that appropriation, Colonel Furlong, is that it only provides $150,000,000. San Diego alone is asking for $21,000,000, and California is asking for $50,000,000. With the pressing need for sewage disposal and other facilities, in so many places, don't you think more money will be required?

Colonel FURLONG. I think that eventually will prove to be the case.

Mr. OSMERS. What is the population of Macomb County, and what plants are going in there, Colonel Furlong?

Colonel FURLONG. The population has increased very much just recently. I think I can answer your questions very nicely by showing you a map of the area involved.[1]

This map is of the five counties immediately surrounding Detroit. Those [indicating] represent the municipalities. The map further reduces the situation to just one township of Macomb County, in which there has been a very rapid defense development. This shows Warren Township of Macomb County and the industries that are located therein.

POPULATION INCREASE IN MACOMB COUNTY

The population of Macomb County at the present time is 107,638. That was according to the 1940 census. In 1930 the population was 77,146. The increase indicated for the last 10 years is 40 percent.

Mr. OSMERS. What would be the cost of this sewer plan that you referred to, Colonel?

PLAN FOR SEWAGE DISPOSAL

Colonel FURLONG. The plan involves two projects. It involves an Oakland County project, which is immediately adjacent to Detroit on the north, and a Macomb County project. I will show you briefly on the map what our problem here is. This is the Macomb County line here, and this is the Wayne County line. Oakland County is in here.

All these municipalities in the southern part of Oakland County have to depend upon the flow eastward to dispose of their sewage.

Now, there is a project submitted from Oakland County to connect with this large interceptor sewer of Wayne County, to dispose of waste that now is traveling down Red Run Creek and Clinton River, out into the lake. There is the intake for Highland Park, which is located within and surrounded by the city of Detroit. Their water intake is there and the city of Detroit's water intake is there [indicating].

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[1] See facing page.

That is one part of the project for Oakland County. The Macomb County portion of the project includes building a portion of a drain, a large interceptor drain in Wayne County from this point, which is the Kirby pumping station up beyond the city limits of Roseville.

In addition, this drain, which is located in here, known as the nine-mile drain, has been in litigation over a number of years. That will be connected with that interceptor sewer at that point, and will take care of this large area in Wayne County, in Warren Township, and Centerline.

That portion of the Macomb County project will cost about $740,000 or $750,000, and that figure probably will be given in any application made under the provisions of the community facilities bill. We hope to make it a 100 percent grant.

Mr. OSMERS. What is the financial condition of Macomb County?

Colonel FURLONG. They are unable to finance that themselves.

Now, in addition to the interceptor sewers, there are, of course, many lateral connecting sewers to be built by each community under separate projects of the Public Works Administration.

Mr. OSMERS. That is not figured in as part of the $750,000?

Colonel FURLONG. No.

DEBT LIMITATIONS IN MACOMB COUNTY

The CHAIRMAN. Why is Macomb County unable to participate in the project? Is it because of debt limitation?

Colonel FURLONG. Yes. The 15-mill tax limit. There is a very high delinquency of tax payments. Many parcels of ground have reverted to the State, and the problem isn't just one of sewers alone, but of schools and streets and other facilities necessary to develop that community.

Mr. CURTIS. After this defense activity is over, what sort of community are you going to have there? Are you building for permanency? Are there going to be that many people there all the time?

MACOMB COUNTY REFLECTING GROWTH OF DETROIT

Colonel FURLONG. The development of that area is part of the natural growth of the city of Detroit itself. There is no overlapping, no intervening break in the settlement. It is an artificial boundary. On one side of the Eight Mile road is Wayne County, and on the other side is Macomb County, and the growth has been taking place in the last 10 years in Macomb County. Macomb County is a continuation of the growth that has been going on in that area of Wayne County for the last 25 years.

Twenty-five years ago certain parts of the City of Detroit were faced with these same problems that Macomb County is now facing today. Those have been solved in Wayne County and they remain to be solved in Macomb County.

It is simply the result of the depression years and the large unemployment. The community has not been able to keep up with the demand for public services in that area.

Mr. ARNOLD. What have they done with respect to education? Have they kept up pretty well with that?

NEED FOR ADDITIONAL FUNDS FOR SCHOOLS

Colonel Furlong. They are having a great deal of difficulty there with their schools. Some of the school districts were enlarged in order to accommodate the children, and now they are no better than the district schools they used to have. Some of the school districts have been so contracted that they do not have a sufficient revenue-producing possibility to maintain adequate schools. Other districts that were built up have greatly exceeded their school capacity. There is an urgent need in there of additional funds to operate the schools.

There is also a need for a long-range program of consolidation of school districts, to produce enough revenue to support the schools.

The assessed valuation of some of these communities has not been sufficient to maintain their schools and other facilities to a desirable basis and allow for expansion.

Mr. Osmers. Now, if this sewage-disposal system is installed, can you tell us how many F. H. A. applications will be released?

Colonel Furlong. I am afraid I cannot answer that question.

Mr. Arnold. Would there be a great deal of building there?

NEW HOUSING DEPENDENT UPON SOLUTION OF SEWAGE-DISPOSAL PROBLEM

Colonel Furlong. Yes, sir; there is a demand for building there at the present time. Many areas had already been approved for F. H. A. loans, but because of the unsatisfactory sewage-disposal facilities it was found undesirable to put more housing in that area.

Individual septic tanks do not work efficiently in that area. The underlying soil is a very heavy, impervious clay. It has been impossible to carry on with that situation; the result has been a temporary delay in opening or granting approval to new areas for F. H. A. housing, which will probably continue until such time as the sanitation problem is solved.

Mr. Osmers. Does the figure you gave the committee represent the approximate cost of the sewer plan up there? Does that include the cost of the disposal plant, or is it proposed to pour that sewage into the river?

Colonel Furlong. No. That plan contemplates the connection of those deep interceptor sewers with the Detroit sewerage system and paying a disposal charge.

Mr. Osmers. A gallonage rate, or something like that?

Colonel Furlong. Yes, sir.

Mr. Osmers. Does the Detroit plant have sufficient unused capacity to handle it?

Colonel Furlong. We have been in consultation with the Detroit departments, and they can do that.

Mr. Osmers. It is always easier to add to an existing plant than to build a new one.

Colonel Furlong. That is right.

Mr. Osmers. There is one question I would like to ask you about this little map that you put before us.[1] Am I correct in assuming that these two communities of Hamtramck and Highland Park are within the city limits of the city of Detroit—completely surrounded by the city of Detroit?

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[1] See p. 7226.

Colonel Furlong. Yes, sir.

Mr. Osmers. Are they governed as separate municipalities, with their own officials?

Colonel Furlong. Yes, sir.

Mr. Osmers. Now, these little squares that you have numbered—apparently they are communities—are incorporated?

Colonel Furlong. Yes, sir. Those are incorporated villages or cities.

Mr. Osmers. The blank space you have there is under county government. Is that correct?

Colonel Furlong. Yes, sir; and township.

Mr. Arnold. I suppose surveys of housing and educational needs have been undertaken in Macomb County and such areas?

Colonel Furlong. Yes, sir; that is all included in the Macomb County report.

ASSISTANCE TO WARREN TOWNSHIP

Mr. Osmers. What assistance, if any, has your organization given to Warren Township in securing approval of its request for schools recently presented to the Lanham Committee?

Colonel Furlong. We have been endeavoring to assist them in every way possible, including the seeking of cooperation of both the State Department of Public Instruction and the United States Department of Public Instruction.

I would say that the major part of our effort in the last 2 months has been directed to the solution of the problems in Warren Township and Macomb County.

Mr. Arnold. Does Macomb County have a health department?

Colonel Furlong. No; it does not. That is one of the things that is very badly needed there.

Mr. Osmers. Does the State law of Michigan provide for the creation of county health departments?

COUNTY HEALTH DEPARTMENTS IN MICHIGAN

Colonel Furlong. Yes. Only 65 out of the 83 counties in Michigan have county health departments. They are receiving funds both from the State Department of Health and from the Federal Government in support of those departments.

Mr. Arnold. Are there quite a few trailer camps up there?

Colonel Furlong. Yes, sir. Some are regulated and some not. I am inclined to feel that it isn't as bad as it might have been painted, however.

Mr. Arnold. You think some steps have been taken to supervise camps under the new statute that was enacted?

Colonel Furlong. Yes, sir.

Mr. Arnold. Does the F. H. A. guarantee a mortgage in Warren Township?

Colonel Furlong. I would like to have that question referred, if possible, to Mr. Foley, who is the Federal Housing Administrator here. He is here, if you would like to ask him that question.

TESTIMONY OF RAYMOND FOLEY, MICHIGAN STATE DIRECTOR, FEDERAL HOUSING ADMINISTRATION, LANSING, MICH.

Mr. Arnold (to Mr. Foley). Will you answer that? Does the F. H. A. guarantee a mortgage in Warren Township?

Mr. Foley. Yes, sir; certain parts of Warren Township. Warren Township includes some established communities as well as township areas. In some parts we can insure a mortgage and in other parts we can't.

Mr. Arnold. Will you give us your full name?

Mr. Foley. Raymond Foley.

Mr. Arnold. And your official capacity?

Mr. Foley. State director of Federal Housing Administration.

The Chairman. Thank you, sir.

TESTIMONY OF LT. COL. HAROLD A. FURLONG—Resumed

Mr. Arnold (to Colonel Furlong). The report of your council stated that the number of people migrating from the Upper Peninsula to the defense areas is reaching serious proportions. What are the causes for this?

DECREASE IN COPPER PRODUCTION

Colonel Furlong. There are four counties in the Upper Peninsula whose economy, you might say, has been developed around the copper-mining industry. Those mines have become high-cost production mines. With the price of copper placed at 12 cents, only six of those mines are operating at the present time.

Mr. Arnold. Six out of how many?

Colonel Furlong. Six out of about nineteen. The selling price, with the increased cost of labor in that area, has further reduced and will probably further reduce the copper production in Michigan unless some differential is established for Michigan copper.

They cannot compete with the low-cost-production mines in other parts of the country. It costs them about 10 cents a pound to get some of their copper to the surface up there, and when copper is below 10½ cents a pound they cannot operate.

Mr. Arnold. You speak in your statement of planned efforts to minimize dispensable migration. Applying this to the Michigan situation, could nothing be done to deal with that migration except to allow a differential?

Colonel Furlong. On Michigan copper; yes.

Mr. Arnold. Quoting your statement:

> A W. P. A. report notes that in a sample check of migration for a given period, more than half of the migrants reported were unaccompanied by dependents.

Would you say that this was of sufficient weight of itself to assume that housing and school facilities demanded would be proportionately less?

Colonel FURLONG. I think it should have some bearing on the demands in the estimates of housing.

Mr. ARNOLD. In connection with your assumption in your statement that full utilization of local labor supplies, including hiring of Negro workers, would lessen the need of outside workers, has the Michigan Defense Council conferred with employer groups, with a view to determining the extent of discrimination and the means to meet the situation?

Colonel FURLONG. We have had no such conferences.

WORK AREAS FOR MACOMB COUNTY RESIDENTS

Mr. CURTIS. Coming back to this Macomb County situation, where do all those people work who have moved in there?

Colonel FURLONG. Some of them in Detroit, some in Dearborn, and some in Pontiac.

Mr. CURTIS. Have any new defense plants been located in the county?

Colonel FURLONG. Oh, yes.

Mr. CURTIS. What are they?

Colonel FURLONG. The largest is the new Chrysler tank arsenal, the Hudson naval arsenal, and the Dodge truck plant. There is a large steel plant along the Eight Mile Road, and a number of other plants. They are listed on the map there.

Mr. CURTIS. What is the total volume of the contracts, in dollars, that have been awarded to that county in the present defense program?

Colonel FURLONG. I would have to look that up.

Mr. CURTIS. Have any training camps, Army cantonments, or anything of that sort been established there?

Colonel FURLONG. Selfridge Field is in that same county. That is east of Mount McClemens, which is in Macomb County.

Mr. CURTIS. And that is the only one?

Colonel FURLONG. That is the only one in the county.

TAX-EXEMPT PLANTS

Mr. CURTIS. Then of the new activities that have been brought there, that would be the only one exempt from local taxation?

Colonel FURLONG. No; the Chrysler tank arsenal and the Hudson naval arsenal are both Government-owned and operated, one with the services of the Chrysler Corporation and the other the Hudson Motor Car Co. They are just as much a Federal arsenal as is Rock Island Arsenal.

Mr. CURTIS. They are owned by the Federal Government?

Colonel FURLONG. Yes, sir.

Mr. CURTIS. And not on the tax rolls?

Colonel FURLONG. Not on the tax rolls. And they are of themselves creating a further difficulty in that area because of the increased demand for facilities such as the disposal of sewage.

Mr. CURTIS. Then would you say the greater portion of those new plants and establishments that have been placed there are tax-exempt plants so far as their physical properties and equipment is concerned?

Colonel FURLONG. Yes, sir; and that is a very serious problem, not only there, but in similar arsenals that have been established throughout the country. For instance, such an arsenal is located at Warren, Ohio.

There should be, in my opinion, some serious consideration given to the possibility of a service charge for the use of necessary facilities, inasmuch as there is no return to the county for that service.

Mr. Curtis. The community gets the benefit of the pay roll.

Colonel Furlong. Yes; but that may not be sufficient to meet the demands upon the community to furnish these facilities.

The Chairman. Thank you very much. Your paper and discussion have been a very valuable contribution to our record and we appreciate your coming here.

Colonel Furlong. I think I will have the opportunity tomorrow afternoon of showing you some of this territory.

The Chairman. And we will take advantage of that opportunity, Colonel.

Colonel Furlong. I think you will find it very interesting. I would like to leave with the committee some outline maps which you may find helpful,[1] and should there be anything else that you desire in the way of accommodations here, we will be very glad to be of assistance to you.

The Chairman. We thank you very much, Colonel. Our next witness is Major Gardner.

TESTIMONY OF MAJ. ROSS L. GARDNER, AUTOMOTIVE LIAISON SECTION, CENTRAL PROCUREMENT DISTRICT, UNITED STATES ARMY AIR CORPS

The Chairman. Major, we appreciate your coming here this afternoon to help this committee in its hearing.

Major Gardner. And I am very glad to be here, sir.

The Chairman. Congressman Osmers will ask you the questions.

Mr. Osmers. Major Gardner, we are very much interested in the way aircraft production is going to affect the economy of Michigan, particularly in the automobile industry, and in the transition from automobile production to aircraft production. The statement you have submitted will be incorporated into the record.

(The statement referred to above is as follows:)

STATEMENT BY MAJ. ROSS L. GARDNER, AUTOMOTIVE LIAISON SECTION, CENTRAL PROCUREMENT DISTRICT, UNITED STATES ARMY AIR CORPS

The Automotive Liaison Section is a coordinating, rather than an administrative section, and deals with automotive concerns having aircraft engine or plane contracts. Its functions consist principally of assisting contractors to avoid or overcome delays in production on their particular contracts. It also studies the schedules, training of personnel, and, in general, keeps its fingers on the pulse in order to note any changes which might cause delay.

Defense items covered by its activities are airplanes, engines, and their component parts.

Due to changes taking place constantly in contracts, for the most part being revised upward, it would be practically impossible to estimate the peak labor force required.

The same would apply to peak production date.

Since the transition from automotive or nondefense employment takes place gradually, due to time required for training for such transition, and due to changes as before stated in contracts, no estimate can be given as to what additional labor force may be required for peak production.

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[1] See pp. 7219 and 7226. Other maps submitted by Colonel Furlong are held in committee files.

Speaking from observations made in this area, there do not appear to be any serious problems either with regard to training, availability of labor supply or transferability of present automobile personnel to defense work.

As stated previously, it would be extremely difficult to estimate by stated periods or monthly estimates the rate at which present defense contracts may be expected to absorb labor force being laid off because of a curtailment in automobile production.

TESTIMONY OF MAJ. ROSS L. GARDNER—Resumed

Mr. Osmers. I wonder if you would be good enough to give some general views on the problems of transition from motorcar to airplane manufacture?

TRANSITION FROM MOTORCAR TO AIRPLANE MANUFACTURE

Major Gardner. Aircraft work is a rather slow process at this time' due to the fact that the automotive plants are, of necessity, having to retool their whole plant facilities to a different kind of business.

At the present time there is a rather great shortage of tool and die makers and fixture makers. It is taking longer to accomplish that retooling than it would under normal circumstances.

Mr. Osmers. Would you explain, Major, your duties with relation to that job?

Major Gardner. They cover practically everything involved in the production of aircraft.

Mr. Osmers. You are located in Michigan, are you?

Major Gardner. The headquarters of the central procurement district are located in Detroit. They have recently been moved up from Wright Field, Dayton, Ohio, because this is the center of the automotive industry, and since so many large contracts have been given to the automotive industry, it was felt that it was much more advantageous to have the headquarters of the central procurement district located where those plants were centered.

Mr. Osmers. I wonder if you would tell us something of your experience. I understand from members of the committee staff that you have had a wide experience in aircraft production.

Major Gardner. That has been my sole business for 31 years.

Mr. Osmers. I wonder if you would be good enough to tell the committee a little about the normal peacetime operations of the aircraft industry and the normal peacetime operations of the automobile industry, and then we might see how they are going to fit together.

Major Gardner. Up to the time of this emergency, the normal facilities of the aircraft industry were sufficient to supply the needs of both the Government and the commercial operators. There was no need for the use of mass-production methods.

MASS-PRODUCTION METHODS REQUIRED

When the emergency arose, it was found that instead of building in terms of a few hundred planes, it was a matter of building in terms of many thousands of planes, in a very short space of time. This, of course, would require different methods of production from those normally used in the aircraft industry.

Up to the time of the emergency all planes had been custom-built. They had not been built under the method that is a very integral part of the automotive industry. It takes longer to lay out a plane on the board before it goes into production. Many things take place before it actually does go into production. Many tests are made, which are not necessary in automotive construction.

They lay down a design for an automobile and build the tools and stamp it out by the hundreds, and that is their method. That isn't true of the aircraft industry, so that it has taken quite a little time to bring about the changes needed for mass production of aircraft, using the initiative and the production methods that are employed in the automotive industry.

Mr. OSMERS. Do you feel that the transition can be made from building automobiles to building airplanes?

Major GARDNER. Oh, yes.

Mr. OSMERS. Do you feel that we can apply automotive-manufacturing methods to the aircraft industry?

Major GARDNER. To a certain extent.

Mr. OSMERS. To a larger extent than has obtained in the past?

Major GARDNER. Yes, sir.

Mr. OSMERS. Is it true, as has been contended, that automobile tools are almost wholly unadaptable to the manufacture of airplanes?

Major GARDNER. That is not true.

Mr. OSMERS. It is fair to assume that heavy contracts for aircraft have already been placed with the automobile makers and more are on the way, or you would not be in Detroit.

Major GARDNER. That is right.

Mr. OSMERS. I wonder if you could give the committee some idea of the size and extent of these aircraft contracts that have been placed with the auto makers.

Major GARDNER. We don't have anything to do with the letting of contracts. We are only concerned with them after they have been let.

Mr. OSMERS. I mean those that have been let.

Major GARDNER. As to that I could not say. I could not give you a figure on that.

PROBLEMS OF TRANSITION TO MASS-PRODUCTION-MADE PLANES

Mr. OSMERS. What are some of the latest developments in making this transition from the custom-made airplane into mass-production-made airplanes?

Major GARDNER. The integral parts of a plane have previously all been formed by hand. Now, it is a matter of teaching them how to form them by hand equipment. Instead of making a few hundred parts, we are going to make many thousand parts of the same kind, so machines have to be devised to make those parts, to turn them out in large quantities.

Mr. OSMERS. We have a statement that was submitted by Mr. Robert W. Conder, of the Chrysler Corporation. He says:

> We expect to recruit substantially all employees necessary for our defense program from among our own employees of the automobile plants.[1]

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[1] See 7322.

Is that presuming that they have the requisite skills in the Chrysler Corporation, for example, to make airplanes?

Major GARDNER. No; it is necessary to train any automotive personnel for a specific job. The problem has been to teach men in aircraft production in large numbers one specific job, the same as they do in the production of automobiles.

The automotive men have not been in the habit of using riveting in their production, while that is a large part of the program in aircraft.

RIVETING AS A NEW SKILL

Mr. OSMERS. Riveting is entirely new in the automotive field?

Major GARDNER. Not only that, but it is a very exacting process because in using flush riveting, as it is known, you have to be very, very careful in getting a very smooth surface. Any indentation in the metal, or any obstruction caused by a mishandled rivet sets up a turbulence in the air and causes a cracking of the "skin."

Mr. OSMERS. Have you any estimate of the percentage of the auto workers who may be transferable, either directly or after training, to the production of aircraft?

EIGHTY PERCENT OF AUTOMOTIVE PERSONNEL WOULD BE TRANSFERRED TO DEFENSE PROGRAM

Major GARDNER. To my knowledge, here in my own contact with the training program, I would say roughly 80 percent of the automotive personnel could be diverted, not necessarily to aircraft, but to the defense program.

Mr. OSMERS. What are some of the special problems involved in the training program for the Detroit worker before he enters into aircraft production?

TRAINING PROBLEMS

Major GARDNER. There are quite a number of problems here, due to the fact that there are several methods of training. There is what is known as T. W. I. training—training-within-industry—national vocational training for defense program, and the contractor's own school, set up by the contractor himself, in which he undertakes to train his own personnel.

The breaking down of the number of hours required has been quite a problem. In fact, it isn't satisfactorily answered yet. Some of the operations require as much as 480 hours of training. Even though the worker may have been employed in the automotive industry for the last 10 or 15 years, he has to learn how to do a specific job in a certain way. He can't do it the way he normally would do it from his own knowledge of mass-production methods in the automotive industry.

HOURS OF TRAINING REQUIRED

Mr. OSMERS. I suppose jobs requiring 480 hours of training are few and far between, are they not?

Major GARDNER. Approximately 12 percent of those required for aircraft manufacture. Then that varies. It runs down to as low as 65 hours for other jobs.

Mr. OSMERS. What are your own duties here, Major? Do you go to the plants and get right into the problems?

Major GARDNER. Yes, sir.

Mr. OSMERS. Is that your function?

Major GARDNER. I take up every problem that has to do with the expediting of the production of aircraft.

Mr. OSMERS. You are not an administrative agent?

Major GARDNER. No; just a coordinator.

MODEL CHANGES RETARDING PRODUCTION

Mr. OSMERS. Are you running into difficulty due to the fact that the mass-production manufacturer wants you to freeze your models while your designers and officials at Washington are constantly changing and improving?

Major GARDNER. Yes.

Mr. OSMERS. I suppose you just have to make the best of it.

Major GARDNER. The findings as a result of activities on the war front at the present time are causing these changes to be made. New determinations are made as a result of their activities over there.

Mr. OSMERS. Is it impairing production?

Major GARDNER. It is retarding it.

Mr. OSMERS. Seriously?

Major GARDNER. Yes, seriously. There are, however, two or three types of planes that have been frozen as to their present status, and production is going ahead on them.

The CHAIRMAN. Major, one of the witnesses this morning expressed a fear that this spreading of defense-contract plants outside of the Detroit area might cause those outside plants to go into the production of automobiles after this emergency period is over. Are you afraid of that?

Major GARDNER. Would be liable to do what?

The CHAIRMAN. In other words, with the spreading of defense contracts throughout the country—industries tooling up for that kind of production—might they be in position to manufacture automobiles, after the emergency, where none has been manufactured before?

Major GARDNER. I don't think that is true.

The CHAIRMAN. Our only suggestion was that if they press them too hard throughout the country, the Detroit area can take to the manufacture of airplanes.

Major GARDNER. That would depend on the demand for airplanes.

The CHAIRMAN. You have studied this problem for 31 years, Major?

Major GARDNER. Yes.

EXPECTED EXPANSION OF AIRPLANE USE AFTER EMERGENCY

The CHAIRMAN. And do you look forward to a great expansion of airplane production after this emergency is over?

Major GARDNER. For civil use, yes.

The CHAIRMAN. Even to the carrying of freight?

Major GARDNER. Yes; that is contemplated right now. As a matter of fact there are three undertakings along that line that will be under way very shortly.

The Army has a very serious problem in air transportation of cargo.

The CHAIRMAN. Now, Major, with all due respect to the Army and Navy, there is one point that was brought up by a witness this morning, which I should like to place before you. It has been charged that the Army is storing, unnecessarily, surplus materials that are needed by nondefense industries. Do you see any evidence of that around here?

ARMY NOT UNNECESSARILY STORING MATERIAL

Major GARDNER. No, sir; we have to allocate aluminum in quantities of 5 pounds. I don't think that is storing material. That is not true.

The CHAIRMAN. As an officer in the Army, you have found no physical evidence of it around here?

Major GARDNER. None whatever.

Mr. ARNOLD. In Chicago last week, at a meeting of manufacturers who were desirous of securing allocations of material for nondefense work, some one made the suggestion that at the Rock Island Arsenal a 5-year supply of some materials had been stored up, whereas they could have got along very well with a year-to-year supply. Do you know anything about that?

Major GARDNER. I think that would have to be determined by the Army staff. I think their judgment would have to be given consideration there.

The CHAIRMAN. In other words, it is something about which you have no knowledge?

Major GARDNER. That is right.

Mr. OSMERS. Major Gardner, to get back to aircraft manufacture, are some companies substituting other methods for riveting?

NO CHANGES IN METHOD FOR RIVETING

Major GARDNER. Not without the permission of the Air Corps. Nothing is permitted to be changed without the approval of the Air Corps.

Mr. OSMERS. Has approval been given for changes in construction?

Major GARDNER. No.

Mr. OSMERS. For an operation that would substitute for riveting?

Major GARDNER. No, sir.

Mr. OSMERS. That would be considered a very vital and basic change, which would probably take several months to determine?

Major GARDNER. Yes; due to the fact that at the present time there are 783,000 rivets——

Mr. OSMERS. It has been suggested that some of these plants ought to try welding instead of riveting.

Major GARDNER. It has been suggested that that be approved. However, at the present time it has not been approved.

Mr. OSMERS. But it is under consideration and in process of experimentation, is it?

Major GARDNER. The material used for skin covering of the plane is too thin to weld.

Mr. CURTIS. Major, this aluminum that is being conserved, the greater portion of that goes into airplane production, does it not?

Major GARDNER. Yes, sir.

Mr. CURTIS. I don't know that this bears on the investigation, but I want to know for my own personal information, is this used aluminum that was gathered up in the various communities, in the form of old pots and pans and coffee percolaters, melted down and made into aluminum which is used in airplanes?

Major GARDNER. No, sir.

Mr. CURTIS. It cannot be used for that?

Major GARDNER. No, sir.

Mr. CURTIS. What is it good for?

Major GARDNER. Good for other uses of aluminum not connected with airplane skin-cover.

Mr. CURTIS. To make more pots and pans?

Major GARDNER. No, sir; it is used for forgings, for castings, and things of that short.

Mr. CURTIS. In what industries?

Major GARDNER. In various industries; in aircraft engines.

Mr. CURTIS. But it is not being used for aircraft engines?

Major GARDNER. I could not say that. We have nothing to do with scrap material except the disposal of it back to the aluminum company. What becomes of it there, we have no knowledge.

Mr. CURTIS. But the fact that it is turned back into the whole industrial set-up makes that much more virgin aluminum available for aircraft construction?

Major GARDNER. That is right. The same holds true of materials that are used in the training schools where they are teaching riveting and metal forming and the various operations in connection with aircraft production. They buy what is known as seconds of aluminum sheets—those that have been scratched and can't be used in aircraft for skins. They return that and are paid so much a pound for it as scrap material or second material, and they return it and receive so much per pound for it as scrap material.

The CHAIRMAN. Major, we thank you very much. You have made a fair and intelligent statement, and we thank you for coming here.

Major GARDNER. Thank you, sir.

The CHAIRMAN. Our next witness is Mr. Edwards.

TESTIMONY OF GEORGE EDWARDS, DIRECTOR-SECRETARY, DETROIT HOUSING COMMISSION, DETROIT, MICH.

The CHAIRMAN. Mr. Edwards, Congressman Curtis will question you.

Mr. CURTIS. Mr. Edwards, will you give your name to the reporter?

Mr. EDWARDS. George Edwards.

Mr. CURTIS. What is your official position?

Mr. EDWARDS. I am director-secretary of the Detroit Housing Commission.

Mr. CURTIS. You have a prepared statement, do you not?

Mr. EDWARDS. Yes, sir; I have submitted a prepared statement to the committee.

Mr. CURTIS. That will be received in the record.

(The statement referred to above is as follows:)

STATEMENT BY GEORGE EDWARDS, DIRECTOR-SECRETARY, DETROIT HOUSING COMMISSION

Defense workers migrating into Detroit find themselves face to face with a housing shortage—a shortage particularly acute in the lower rental bracket. Satisfactory homes, at low rentals, are almost nonexistent.

The number of available vacant dwellings for rent have been decreasing for some time. As recently as 1938, when the real property inventory was conducted, 5.06 percent of the city's dwelling units were found to be vacant. The percentage of vacant units diminished to 3.5 percent in 1940, when the Federal census was enumerated, and a further decrease to 2.2 percent was recorded in February 1941, when a sample vacancy survey was conducted by the Work Projects Administration at the request of the Division of Defense Housing Coordination. This survey revealed that, after eliminating all units not for rent, units in which major repairs were needed, and those unfit for use, only 4,050 units (0.9 percent of the city's total) remained available for rent and in good and fair condition. Recently the homes registration office of the Detroit Housing Commission, in conducting a survey, found less than 1 percent of the city's dwellings to be vacant. Thus, in spite of considerable building activity, the available housing seems to be appraoching the vanishing point.

It cannot be denied that this is a black picture to present to incoming defense workers in search of satisfactory homes. How many such defense workers there will be is difficult to estimate. According to a labor market bulletin issued by the Michigan Unemployment Compensation Commission on July 22, 1941, it was anticipated that the total employment in defense industries in the Detroit area would be increased by approximately 68,000 workers in the period from July 1941 to January 1942. This figure does not take into account the number of nonmanufacturing jobs that would also be created. However, many of the large defense plants in the Detroit area will not have been completed by January 1942. Many others will not be in full production until some time after. The Ford bomber plant, which will employ between 40,000 and 60,000 workers, the Chrysler tank arsenal, Hudson naval arsenal, and the Packard aircraft plant, are a few of the larger defense plants that fall in these classifications. The amount of migration resulting from this employment need, would, of course, in great measure depend upon the amount of auto curtailment made effective. In any event, the city of Detroit is very poorly equipped to house an incoming migration of defense workers in any amount.

WORK PROJECTS ADMINISTRATION STUDY OF MIGRATION INTO DETROIT

A recent study made by the Work Projects Administration during the early part of June, 1941, entitled "Recent Migration into Detroit and Environs" bears out the seriousness of the housing situation. Of the 16,300 families who had migrated into the Detroit area since October 1, 1940, only about one-third occupied a separate dwelling unit when enumerated. Well over half of the families had doubled up with others, and one-tenth were living in hotels and trailers. Not a very pretty picture in spite of the fact that it should be noted that many families had moved to the Detroit area without all their normal family members. It should be emphasized that reasonably satisfactory housing facilities must be made available if migrant families are to bring in all of their normal family members.

The Common Council of Detroit has recognized considerable danger in the housing situation and has recently taken steps to alleviate conditions. A rent-investigation committee has been appointed, under the chairmanship of Councilman John Smith, and including in its membership a number of Detroit's leading citizens representing various walks of life. This committee has divided itself into three mediation panels, every one of which meets periodically and investigates many rental disputes. The purpose of the committee is to arbitrate disputes between landlord and tenant and to make an attempt to prevent an inflationary run-away in rentals, which will inevitably happen if numbers of defense families migrate into this city, unless vigilant control is exercised. Many of the cases that have come to the attention of the committee indicated rent increases of 40 percent and more. The greatest cause for anxiety, however, lies in the practice on the part of the landlord of evicting one tenant in order to rent to another at a higher rate.

Relief families are especially vulnerable to this source of attack. They cannot compete with workers in seeking and maintaining standard housing accommodations. G. R. Harris, general superintendent of the Detroit Department of Public Welfare, in a recent letter to the Joint Committee on Housing, said: "By reason of their unfortunate circumstances, families with no incomes must take what is left after the employed have their choice."

"With Detroit's active part in the defense program, housing is becoming more and more a community problem," he continued, "slowly but surely the pressure of demand is causing the relief families to be evicted from any dwelling which is not substandard. It has been necessary to provide emergency shelters to house families for whom we cannot find accommodations in the community. In the present emergency it would appear that we must increase the number of these shelters. This, of course, is no solution, but it is a means of meeting a daily emergency situation."

Conditions in suburban areas are no better. In most of these areas they are actually worse. Lack of facilities for the proper enforcement of building and health codes has resulted in a mushroom growth of shacks and jerry-built cottages in the unrestricted areas about the city. The lack of sewers and water supply have added to the burden, especially in Warren, Lake, and Erin Townships, in Macomb and Oakland Counties, where the lack of proper sewage disposal has already resulted in pollution in Red Run Creek, the Clinton River, and Lake St. Clair. Pollution is always the forerunner of epidemics, and once serious epidemics break out the citizens of Detroit will not be immune just because they live across the line to the south in Wayne County.

LACK OF HOUSING IN DETROIT

The lack of adequate housing in the city of Detroit has been a public concern for some time. For many years little factual material was available. During the year 1939, however, the time arrived when it became possible to express housing conditions in statistical terms, since at this time the results of the real-property survey of the city of Detroit became available in complete form. This survey, conducted within the limits of the city of Detroit during the period from March 1938, through September 1939, was sponsored by the Detroit Housing Commission and conducted under the Work Projects Administration. A striking condition disclosed by the survey is that a considerable number of people in the City of Detroit were living in dwellings and under conditions that are considered unsafe and insanitary. For instance, 70,781 dwelling units were found to be substandard [1] out of a total of 414,658 units. Only 3,537 of the substandard units were found to be vacant.

The real-property survey conducted sample surveys to determine the income of tenant families living in substandard housing. It was found that over 76 percent of the 52,125 tenant family groups living in substandard housing were earning less than $1,400 per year.

The survey brought to light the dearth of available satisfactory vacant units at rentals compatible with the income of these people. Although 5.06 percent of the city's dwelling units were found to be vacant, only 4,443 were available at rentals of less than $30 per month; and 58 percent of the latter were found to be unfit to live in. Thus, the number of available vacant units, fit to live in, renting for less than $30 per month, amounted to less than 5 percent of the number of tenant family occupants of substandard housing who were earning less than $1,400 annually. (See following table:)

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[1] A dwelling unit was considered substandard if any one or all of the following conditions existed in connection therewith: In need of major repairs; unfit for use; less than 1 flush toilet; less than 1 bathing unit; no running water; no installed heating; neither electric nor gas lighting; number of persons per room 1.51 or more; any number of extra families, one of which contains 2 or more persons (exceptions are made to the last two conditions when the monthly rent is more than $40).

Total number of tenant family groups living in substandard dwelling units in the city of Detroit, by income and size of family

Total annual family income	Size of family							Total families
	2	3	4	5	6	7	8 or more	
Under $400	3, 706	1, 856	1, 027	532	442	260	382	8, 205
$400 to $599	1, 599	957	644	262	188	89	167	3, 906
$600 to $799	3, 744	2, 430	1, 440	1, 088	481	355	483	10, 021
$800 to $999	1, 946	1, 356	1, 084	649	388	199	404	6, 026
$1,000 to $1,199	2, 132	1, 770	1, 222	678	358	249	310	6, 719
$1,200 to $1,399	1, 670	1, 302	881	462	335	187	292	5, 129
$1,400 to $1,599	1, 237	1, 005	844	451	298	160	246	4. 241
$1,600 to $1,799	602	492	283	243	133	70	179	2, 002
$1,800 to $1,999	669	558	379	201	168	71	169	2, 215
$2,000 or more	852	754	679	428	237	208	427	3, 585
Not reported	49	13	7				7	76
Total	18, 206	12, 493	8, 490	4, 994	3, 028	1, 848	3, 066	52, 125

Source: Real-property inventory, Detroit, 1938–39.

The urgent need for more adequate housing, demonstrated by these statistics, poses one pertinent question: To what extent has private enterprise applied itself to this problem? To ascertain an answer we can review the records for the 10-year period 1930–1939, inclusive. If we do so we discover that the net gain in the number of dwelling units erected was actually less than the increase in the number of families for the period.

Comparison of net gain in dwelling units with increase in families, 1930 to 1939, inclusive

Number of new dwelling units constructed	[1] 34, 889
Number of dwelling units demolished	5, 774
Net gain in dwelling units	29, 115
Estimated increase in number of families (United States Census)	55, 243
Excess of increase in number of families over net gain in number of dwelling units	26, 128

[1] Included 1,624 public low-cost housing units.

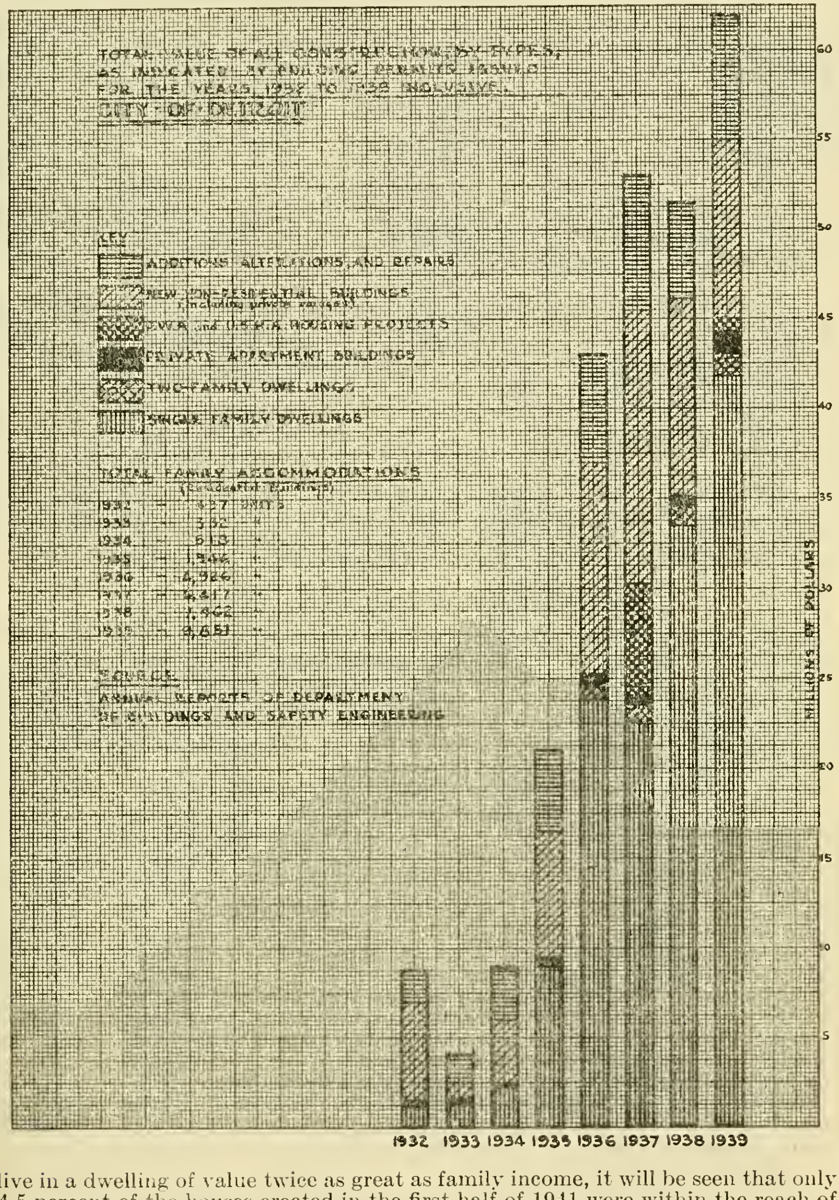
(While the population of the city increased by only 3.5 percent in 10-year period the number of families increased by 12.9 percent.)

RESIDENTIAL CONSTRUCTION FOR RENTAL PURPOSES

Of especial concern for the community was the attitude of private capital toward providing rental housing for the community. An accompanying chart (see facing page) illustrates the amount of residential construction during the decade and demonstrates that only an infinitesimal amount was for dwelling rental purposes. The bulk of the construction was in single homes, which are not built for rental purposes. Construction of two-family dwellings, usually occupied one-half by owners, was nominal; while construction of apartments, which are built solely for rental purposes, was almost at a standstill. Moreover, the chart shows that most of the apartments that were erected were the public low-cost low-rent projects.

Out of 33,265 dwellings erected by private capital in the 10-year period, 1930-39 inclusive, within the city limits of Detroit, only 3,995 units or 12.1 percent were erected for rental purposes. Out of the 10,505 units erected in 1940 only 8 percent were in apartments or two-flats. The balance were single houses erected for owners. The first 8 months of 1941 do not materially change this picture. In this period 8,226 new units were provided, 95.8 percent or 7,882 of which were single houses.

The following table (p. 7244) shows the number of single family residences that have been erected in Detroit (total for which building permits were issued) classified in accordance with construction costs, for the years 1939, 1940, and 1941. It is evident from the table that some effort is being made to lower the construction costs of single houses. In 1939, for instance, the average cost per unit was $5,780 as compared to $5,530 for the first 8 months in 1941. (These cost estimates are building department figures increased by 15 percent to arrive at a better market figure.) Using the generally accepted rule that a family can afford to live in a dwelling of value twice as great as family income, it will be seen that only 4.5 percent of the houses erected in the first half of 1941 were within the reach of families with less than $1,725 annual income; 27.9 percent were within the reach of families with incomes between $1,725 and $2,300; and 67.6 percent of all homes erected were built for families with incomes in excess of $2,300. It is quite evident, then, that current construction is not in any great degree intended for the low-income market.



Total number of single residences erected in city of Detroit

Cost[1]	1939		1940		1941 (6 months)	
	Number	Percent	Number	Percent	Number	Percent
Less than $2,300	66	.8	102	1.1	5	0.1
$2,301 to $3,450	520	6.3	1,104	11.7	254	4.4
$3,451 to $4,600	1,149	13.9	1,943	20.6	1,607	27.9
$4,601 to $5,750	3,046	36.7	3,384	35.9	1,458	25.3
$5,751 to $6,900	2,786	33.6	2,313	24.6	1,598	27.7
$6,901 to $8,050	396	4.8	335	3.6	631	10.9
$8,051 to $11,500	260	3.1	210	2.2	185	3.2
Over $11,500	72	.9	33	.4	26	.5
Total	8,295	100	9,424	100	5,764	100

[1] Building department permit cost estimates increased by 15 percent to arrive at better market value.

Source: Department of Buildings and Safety Engineering.

It is also quite obvious that the majority of defense workers who will be attracted to the Detroit area will not be in the market for the purchase of a new dwelling. By the very nature of the defense emergency, the future is uncertain for them. To believe that any great number will be willing to assume the burdens of home ownership is highly problematical.

That private enterprise has made little progress in rehousing the occupants of substandard housing is unfortunate, yet not surprising when an analysis of the factors involved is considered. It is a great social burden that the very people who are most in need of decent housing have little opportunity to obtain it, for the simple reason that they cannot afford it. This situation is graphically presented by the accompanying diagram where it is shown that the number of vacant units available at rentals that tenant families forced to live in substandard housing can afford to pay is inversely proportional to the number of such families.

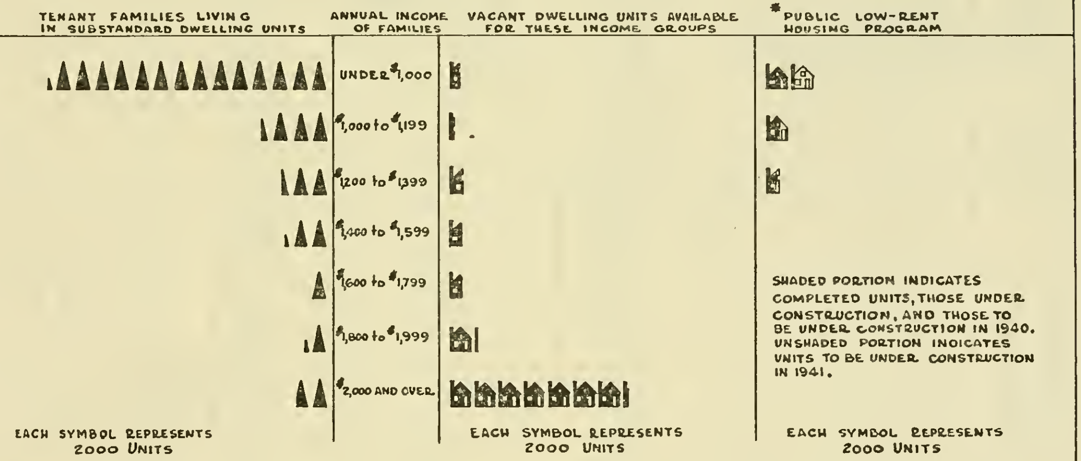
PROGRAM OF PUBLIC HOUSING IN DETROIT

To provide decent shelter for families of low income, the Detroit Housing Commission is developing a program of public housing within the city limits of Detroit, which will provide for 7,317 families when completed. Since this total program represents barely 10 percent of the dilapidated and insanitary housing in Detroit, only a small beginning will have been made when it is completed. However, with the exception of this program, practically no rental housing is being provided in the Detroit area for workers of low income.

After the completion of Detroit's program many tenant families (44,700) will remain living in substandard dwellings. It is recognized that many of these families are ineligible for public housing because, theoretically, their incomes are presumed to be sufficient to enable them to provide decent shelter for themselves, and, therefore, in excess of the maximum limitations for approval for public housing projects. On the other hand, many of the owner-occupied substandard dwellings, of which there are 16,000 in Detroit, are inhabited by owner families who remain in dilapidated dwellings only because they cannot afford to provide better housing for themselves. Moreover, there are many low-income families living in satisfactory dwellings who are forced to pay more rent than they can afford for the privilege of remaining in these dwellings and escaping the slums. It is our opinion that these last two groups are the potential recipients of the economic benefits of a comprehensive, low rent public housing program, and that their combined numbers more than offset the number of tenant families living in substandard dwellings whose incomes are above the maximum limits.

Since the early part of 1938, the Detroit Housing Commission, under the powers given it by Federal and local governments, has signed contracts with the United States Housing Authority to build a total of seven projects. One of these projects is completed and occupied by tenants; two are partially completed and occupied; one is under construction; and the rest are in the process of land acquisition and planning. In addition, the Brewster and Parkside projects, erected by the Public Works Administration were completed in September 1938, and have been occupied since that time.

THE DETROIT BUILDING MARKET FOR FAMILIES IN NEED OF U.S.H.A. ASSISTED PROJECTS—



SHADED PORTION INDICATES COMPLETED UNITS, THOSE UNDER CONSTRUCTION, AND THOSE TO BE UNDER CONSTRUCTION IN 1940. UNSHADED PORTION INDICATES UNITS TO BE UNDER CONSTRUCTION IN 1941.

SOURCES

TENANT FAMILIES AND INCOME DISTRIBUTION—DERIVED FROM LOW INCOME SURVEY CONDUCTED BY REAL PROPERTY SURVEY UNDER AUSPICES OF W.P.A. 1938-1939.

VACANT D.U. AVAILABLE—DERIVED FROM REAL PROPERTY SURVEY 1938-1939

*INCLUDES ALL U.S.H.A. ASSISTED PROJECTS AND ALL PROJECTS BUILT BY P.W.A. HOUSING DIVISION

METHOD

VACANT DWELLING UNITS ARE DISTRIBUTED WITH THE ASSUMPTION THAT A FAMILY PAYS AN AMOUNT IN RENT EQUIVALENT TO 20% OF ITS INCOME

PREPARED BY DETROIT HOUSING COMMISSION APRIL 29, 1940

A tabulation of the status of the Detroit program as of August 28, 1941, is as follows:

Complete low-rent public housing program in Detroit

Project	Kind	Number of dwelling units	Type	Status
Brewster	Public Works Administration	701	Slum	Project completed September 1938.
Parkside	do	775	Vacant	Do.
Brewster addition	U. S. Housing Authority	240	Slum	Project completed Aug. 1, 1941.
Parkside addition	do	355	Vacant	172 units completed in January 1941. Balance of 183 to be completed about Sept. 15, 1941.
Herman Gardens	do	2,150	do	Under construction. To be completed about September 1942.
Charles	do	440	do	192 units completed July 24, 1941. Balance of 248 to be completed about Oct. 1, 1941.
Brightmoor	do	210	do	Site acquired. Planning stage.
Jeffries	do	1,704	Slum	Acquiring site, preliminary architectural stage.
Douglass	do	742	do	Do.
		7,317		

No discussion of housing conditions in Detroit would be complete without a review of the problems facing the Negro population. In the last 20 years the Negro population of the city has more than tripled.

United States census

	Negro population of city of Detroit	Percent of total population
1900	4,111	1.4
1910	5,741	1.2
1920	40,838	4.0
1930	122,066	7.7
1940	[1] 142,802	8.8

[1] Estimated.

Ever since 1910 the rate of growth in Negro population has been greater than the rate of growth of white population. During the decade 1910–20, the World War period, the percentage increase was greater than that for any northern city. According to the latest United States census figures for 1940, Negroes comprise 8.8 percent of the city's population.

A constantly increasing Negro population has resulted in forcing these people to live in badly dilapidated housing. The denial of opportunities for natural expansion in unsubdivided areas, racial prejudices preventing an expansion into areas of satisfactory housing, and general economic conditions, all work against the Negro who wishes to better his living conditions. The inevitable result is that Negro families are forced to remain living in dilapidated areas so unsafe and insanitary that they have for some time been intolerable for human habitation. When, in some few instances, Negro tenants permeate the fringes of white neighborhoods, the monthly rentals of the dwellings vacated by whites are immediately increased. This is the sort of situation that faces the Negro defense worker when he migrates into Detroit.

The real property inventory of 1938 revealed some startling factors about the living conditions in which Negroes find themselves compelled to live. Of the dwellings occupied by Negroes, more were found to be unsafe, insanitary, or overcrowded than in a satisfactory condition; 50.2 percent of all dwellings occupied by Negroes were found to be substandard; only 14 percent of the dwellings occupied by whites were found to be substandard. Quite a contrast.

	Occupied by white families		Occupied by Negro families	
	Number	Percent	Number	Percent
Standard dwellings	311, 485	86	14, 770	49. 8
Substandard dwellings	52, 134	14	14, 897	50. 2
Total	363, 619	100	29, 667	100. 0

The Detroit Housing Commission is particularly aware of the desperate need for better housing among Negro families. Up to May 1, 1941, approximately 9,200 applications and registrations for apartments in housing projects had been received from Negro families. It is estimated that about 6,300 of these are eligible for admission. However, only 1,785 of these families will have been housed in projects now completed, under construction and planned for the near future. Thus an estimated balance of about 4,515 eligible families remain for whom there is no future or present provision in our program. A recapitulation follows:

Application status for Negro projects, Detroit Housing Commission

Approximate number of applications and registrations filed up to May 1, 1941	9, 200	
Total number of eligible families		6, 300
Selected for original Brewster	701	
Families housed in Brewster addition	240	
Turnover in Brewster project	102	
Families to be housed in Douglass	742	
Total families to be housed		1, 785
Estimated balance of eligible families which need housing		4, 515

In addition to the Detroit Housing Commission's program, the United States Housing Authority will very soon begin construction of a 200-unit defense-housing project for Negro defense workers. This is the only defense-housing project that has been allotted to the city of Detroit by the Defense Housing Coordinator's office at this writing.

A 500-unit project for white families was proposed some time ago to be erected within the city limits. However, shortly after its announcement, Federal officials decided to erect this project in the city of Centerline in Macomb County rather than in Detroit. A construction contract for this project has recently been awarded. The only other defense project planned for the Detroit area at this time is a 300-unit project to be erected in Wayne, Mich. Thus the entire Detroit defense area, faced with the prospect of housing thousands of defense migrant workers, is allotted a mere pittance in defense-housing rental units—1,000 dwelling units.

In conclusion, it is well to point out that, if automobile production curtailment is enforced so drastically that the influx of defense workers to Detroit will be negligible, the present acute housing shortage may not be accentuated. However, to summarize, there are certain factors prevalent today that cannot be denied. They are:

1. An existing acute shortage of available vacant dwellings, especially in the lower rental brackets, in spite of considerable residential building activity.
2. A large number of unsafe, insanitary and overcrowded dwellings occupied mainly by low-income families.

The two factors enumerated above are applicable to both whites and Negroes, but they are particularly applicable to Negro families.

What Detroit needs, if it is to meet an invasion of defense workers, is many new homes—mainly homes built for rental purposes. Unless we solve this problem, Detroit's inability to house its defense workers may seriously hamper the defense effort of the mass production capital of the Nation.

EXHIBIT A.—BRIEF DESCRIPTION OF DETROIT PUBLIC HOUSING PROJECTS

REPORT BY GEORGE EDWARDS, DIRECTOR-SECRETARY, DETROIT HOUSING COMMISSION

Brewster and Parkside projects.

These two projects were built by the former housing division of the Public Works Administration and subsequently leased by the United States Housing Authority to the Detroit Housing Commission for operation. Brewster Homes was built on a slum site, which along with the surrounding neighborhood areas to the north, east, and south, was considered the worst slum area in the city. The relocation of 718 families was made necessary by the construction of this project. Parkside Homes was a vacant land project, located near the eastern limits of the city.

Tenants have been living in these two projects since September 1938, when they were completed. A complete alteration of family living among the tenants of these projects has taken place. Many of the homes from which they moved were miserable, damp, unhealthful quarters in which disease, ill-health and demoralization were bred, and where the conduct of decent American standards of living was impossible. One can only guess at the transformation made possible by admission to homes flooded with light and sunshine, abundant recreation facilities, and the possibility of community living, until he has actually witnessed the change hiimself.

Recreational facilities are abundant at both projects. At Brewster, the close proximity of the recreation center provides a gymnasium, auditorium, swimming pool, showers, and club rooms. Chandler Park, adjacent to Parkside provides excellent recreational facilities.

A fine community spirit among the families has been in evidence. Each project supports a project newspaper. There are hobby clubs, classes in various subjects and many social activities. At Brewster many tenants are taking a keen interest in working in the flower gardens and caring for the lawns. At Parkside, there is an annual contest for best-kept flower gardens and best-kept lawns. The management is especially proud of these results. Nothing so dramatically reflects the contrast between Parkside and the slums as the beautiful lawns, creeping vines, and colorful flower beds.

Extensions to both projects have recently been partially completed. These extensions are United States Housing Administration-aided projects.

Charles, Herman Gardens, Brightmoor.

With the beginning of 1938 when the first United States Housing Authority funds became available, the Detroit Housing Commission found itself face to face with a perplexing problem. Should it begin its building program by rebuilding large areas of the slums with low-rent projects, thereby making the housing shortage more acute during the period of construction; or should the commission begin its program by erecting large projects on vacant land? One of the contributing factors to the acute shortage was found to be overcrowding in the slums. It was decided, therefore, to build the initial projects on vacant land, and after the completion of these projects to begin the rebuilding of the slums. This policy would permit a gradual transference of families from dilapidated dwellings in the slums to the outlying new projects, which would tend to lessen the pressure of the housing shortage.

The three projects, Charles, Herman Gardens, and Brightmoor, along with the extension to Parkside, are projects that are under construction on vacant land sites. The Charles project will shortly be ready for occupancy. Construction on Herman Gardens was unfortunately interrupted a few months ago when the corporation counsel ruled that the general contract was void due to irregularities on the part of members of the common council in the awarding of the contract. Construction was halted at a time when footings and foundation walls were well in place. It is hoped that within a few weeks' time a new general contract will be awarded enabling construction work on the 2,150-unit project to be renewed. The Brightmoor project is the smallest of the lot and is in preliminary stages of development.

In the projects erected on vacant land, due to the lower cost of the property, it has been possible to plan for more open space, recreational and play area than in other projects. This is especially true in the Herman Gardens project where there is generous play space, tennis courts, ball field, spray pools, and open park. This project, when completed, will be the largest in area of any in the United States, although not in number of families. The residential buildings will be row houses and row flats. The structures will all be two stories in height with the exception of a few which have three-story ends for architectural variety and interest. Approximately 75 percent of the buildings will have pitched roofs, the balance flat roofs. Utility rooms with individual laundry and storage facilities have been included in all units.

The Charles project, although not nearly so large as the Herman Gardens project, nevertheless offered unusual opportunities in planning. A large open park and recreational space is located in the center of the site. The entire project has been so designed that it is possible to walk to this recreational area from any building on the site without the necessity of crossing an automobile lane—not even a service drive. Thus, the best features of the garden city or "Radburn" type of plan are attained without the disadvantages of using underpasses.

Jeffries and Douglass.

These two projects are large slum clearance developments. At the present time condemnation proceedings are in process for the purpose of acquiring the sites.

The Jeffries project, to house 1,700 families, will clear a slum area containing an incoherent street and alley pattern, with small, narrow congested streets. The opportunity to eliminate this maze of congestion with the establishment of a superblock system is very attractive. The result of the replanning will be to establish 4 large superblocks where formerly 35 small blocks existed.

The site of the Douglass project, to house 706 units, lies adjacent to and directly south of the present Brewster Homes and extension. As now planned it will occupy 9 square blocks. In the planning of the project, it is proposed to arrange the units in such a way that common entrance hallways and stairways are entirely eliminated. This is accomplished by limiting the type of buildings to 2-story flats and to a 3-story combination of flats and row houses.

Defense projects.

Recently the United States Housing Administration requested the Detroit Housing Commission to act as its local agent in the development, construction and operation of two defense housing projects to be erected within the Detroit city limits. Sites for these projects, on vacant land near the city's outskirts, have tentatively been chosen. The sites are well located in relation to the defense plants. One of the projects is to house 200 Negro families and the other from 300 to 500 white families. It is proposed to provide one- and two-story and two- and four-family dwellings to be built of frame construction without basements and with individual heating systems.

TESTIMONY OF GEORGE EDWARDS—Resumed

Mr. Curtis. Will you briefly describe the functions and program of the Detroit Housing Commission?

FUNCTIONS AND PROGRAM OF DETROIT HOUSING COMMISSION

Mr. Edwards. Under the State act, the Detroit Housing Commission has jurisdiction over attempts to solve almost any of the housing problems that may arise in this city. In addition, the commission is engaged in the low-rent public housing program as the local cooperating agent working with the United States Housing Authority.

Mr. Curtis. Does it allocate the funds?

ALLOCATION OF HOUSING FUNDS

Mr. Edwards. The United States Housing Authority has allocated $31,000,000 worth of funds to the Detroit Housing Commission.

Mr. Curtis. Then you in turn allocate it to various projects in your Detroit area?

Mr. Edwards. Yes; and we build those projects through letting of private construction contracts. We are also agents for the United States Housing Authority on the construction of one small defense housing project in this area.

Mr. Curtis. In your paper you make the statement that houses for rent are almost nonexistent. Will you discuss that situation?

DETROIT HOUSING VACANCY PERCENTAGES

Mr. Edwards. Since 1938 there has been a progressive decline in vacancies in the city of Detroit. That is shown by the fact that in 1938 approximately 5.6 percent of the houses in the city of Detroit were vacant. That was reduced at the time of the 1940 census to slightly over 3 percent, and this year to 2.2 percent, according to a W. P. A. survey last winter.

Quite recently the homes registration office of the Detroit Housing Commission, which has been established at the suggestion of the National Government, took a survey and found that of the total of some 450,000 dwelling units in the city of Detroit, only 4,050 were vacant. That is nine hundredths of 1 percent of vacancies for the entire city of Detroit. It is my opinion there is a definite housing shortage in the city of Detroit and a serious one at this time. In housing and real estate circles I think it is accepted when you drop below a 5 percent vacancy, you have a housing shortage, because there always is a necessity for some dwelling units to be vacant in a city as large as Detroit in order that there can be some mobility in the housing population.

Mr. Curtis. The usual turn-over?

HOUSING SHORTAGES

Mr. Edwards. That is correct. As things stand in the city right now, it is becoming increasingly difficult for families to find any dwelling facilities whatsoever below the rental of, I would say, $45 to $50 a month.

Mr. Curtis. Do you have a doubling-up problem here?

Mr. Edwards. The only illustration that I can give you of that, in statistical terms, is given by this count that the W. P. A. took recently of some 16,000 migrant families who have come to Detroit. I believe it was found that only one-third of the families that had come to Detroit within a period of about the last year had managed to find accommodations separate from other families. That is, two-thirds of them were either living doubled up or in trailers or hotels.

Mr. Curtis. Migrant families living in hotels?

Mr. Edwards. Yes; I believe 8 percent of the migrant families were living in rooming houses or hotels.

Mr. Curtis. The common council here has had a rent investigation committee, has it not?

Mr. Edwards. Yes.

Mr. Curtis. What work have they been able to do and with what success?

RENT MEDIATION

Mr. Edwards. They have attempted to stem unjustified rent increases and they have attempted to deal with the problem of unfair rents and also with substandard housing.

I believe that by throwing the spotlight of public opinion on some of these conditions, they have had some real influence in that regard.

They have recently established a rent mediation committee, to which landlords and tenants can come if they are agreeable to submit their problem for voluntary mediation. Those committees have been successful in some instances and they have been completely unsuccessful in other instances because of the refusal of one party or the other to cooperate.

I believe that that committee has brought out the fact that among the lower group of rentals in the city of Detroit, rent increases are quite common and quite substantial, and that there is danger of a spiral of rent increases which would be dangerous to the whole industrial picture here.

Mr. CURTIS. What do you mean, in your paper, by the phrase, "emergency shelter"? You say, "There is a need for providing emergency shelters."

EMERGENCY SHELTER

Mr. EDWARDS. The housing shortage has put much pressure on the families at the bottom of the economic heap. Welfare families are being evicted, and the Detroit Welfare Department has been forced to use several additional emergency welfare shelters to take evicted families—just dormitory-like structures. They keep them there until they find some other place to house them.

I think at the present time they are having a great deal of difficulty in finding any accommodations for a good many of their welfare families. Today a family with children—and I think most American families have children—who cannot pay more than $45 a month would be pretty well stranded, so far as finding a place to live in the city of Detroit is concerned.

The reason I know that is because we are operating the homes registration office, and day by day we have families coming in and saying, "Here, house us." And we are having real trouble in meeting their requests.

HOUSING SURVEYS

Mr. CURTIS. A real property survey has been made, has it not?

Mr. EDWARDS. Yes; in 1938.

Mr. CURTIS. Who made that?

Mr. EDWARDS. The W. P. A.

Mr. CURTIS. Is that the one you referred to in your discussion of "doubling up," a moment ago?

Mr. EDWARDS. No; that is a different survey. This was made in 1938. It was sponsored by the Housing Commission and made by the W. P. A. The other W. P. A. survey that I referred to was a study of migrant workers, made just within the last few months.

Mr. CURTIS. What were some of the significant facts this real-property survey revealed?

SUBSTANDARD HOUSING IN THE DETROIT AREA

Mr. EDWARDS. Among others, that 70,000 of the total number of houses in the city of Detroit were ascertained to be substandard in character at that time. Of these I think only 3,500 were found to be vacant. In other words, there were, roughly, 67,000 families living in substandard housing.

In addition to that, the real-property survey showed that there were 52,000 tenant families living in substandard housing. I believe 76 percent of these 52,000 tenant families were earning incomes at that time of less than $1,400 a year.

Mr. Curtis. Do you feel that the housing problem of Detroit is an especially new problem, because of the defense activities, or a chronic situation that has been here for years but is being felt more because of the defense impact?

Mr. Edwards. I think that Detroit has had a housing problem to start with. I think it has become progressively more acute during the last years.

I think, in addition, that if, in the last analysis, there proves to be any in-migration of workers at all into the Detroit area, we will have trouble housing them unless a defense housing program is started here immediately on a considerable scale.

Mr. Curtis. Well, is private enterprise building any housing?

PRIVATE HOUSING CONSTRUCTION

Mr. Edwards. Private enterprise is building a good many houses. Private enterprise built, I believe, 10,000 houses in 1940 and up to date in this year I think our figures show about 8,000.

Mr. Curtis. That is, 18,000 family units since January 1, 1940?

Mr. Edwards. Yes; that is correct.

Mr. Curtis. And how many have your public housing projects built?

PUBLIC HOUSING CONSTRUCTION

Mr. Edwards. Our public housing programs include about 1,000 houses actually constructed within the last year, and 2,300 under construction. That includes the 200-unit defense housing project on which a contract has been let.

Mr. Curtis. Then you have between 3,000 and 4,000 built by housing projects and about 18,000 built by private enterprise?

Mr. Edwards. Yes.

Mr. Curtis. Have any of these 18,000 units built by private enterprise been built for the purpose of renting?

Mr. Edwards. A very small percentage. I can give you those figures.

Mr. Curtis. But it does affect the whole picture because some people who are now tenants become owners in the new houses?

Mr. Edwards. Every house built relieves the shortage, but I would like to point out to you that these houses have been built on a considerable scale for the last several years, and at the same time we still have this vacancy picture which I mentioned to you earlier. That vacancy count included new houses, vacant and available wherever they were to be located in the city of Detroit.

Mr. Curtis. Are the defense workers in the market to purchase a house?

Mr. Edwards. I would not think so. Migrants particularly would not seem to be in the market for houses.

Mr. Curtis. Their presence is recognized as more or less a temporary phenomenon, isn't it?

Mr. Edwards. It would seem to me that in-migration would necessarily imply temporary employment.

Mr. Arnold. We had a migrant witness this morning who just recently moved to Muskegon, and he is purchasing his own house.

The Chairman. Yes; that is right.

Mr. Edwards. I don't doubt that for a minute. I think a good many of them will be forced to purchase houses whether they should or not, because they may not be able to get anything else.

EXPLOITATION OF NEGROES

Mr. Edwards. At the present time there are approximately zero vacancies in the Negro neighborhoods. There is more doubling up, and I think there is more exploitation in Negro neighborhoods than any place else in the city of Detroit.

Mr. Curtis. Are your other areas in Detroit covered by what they call covenants in the title of land, barring occupancy by Negroes?

Mr. Edwards. Yes; an overwhelming majority of the districts in the city of Detroit are restricted by one method or another against Negro occupancy.

Mr. Curtis. Are the Negroes paying higher rents for what they get than the white people?

Mr. Edwards. Yes—without any equivocation.

Mr. Curtis. How much higher? Could you give an illustration?

Mr. Edwards. It is very hard to say. I know of apartment buildings purchased for the purpose of rental to Negro tenants. The white families have been moved out, and Negro tenants moved in, and rents were raised as much as $10 and $15 on an apartment.

Mr. Curtis. Is that justified on the basis that the percentage of losses to the owner is greater?

INCREASED RENTS FOR NEGRO OCCUPANCY NOT JUSTIFIED

Mr. Edwards. I think you come there to a matter of opinion, because I cannot say that we have any accurate figures in relation to private rental to Negro families, comparing management costs. I can say we manage two projects of approximately the same size. One is rented entirely to white people and one is rented entirely to colored; and we have no difference in management expenses to speak of, as far as those projects are concerned. We simply don't find that a greater rent would be justified by management and expense.

Mr. Curtis. When new houses are built, and people move into them, are the places these people are leaving becoming available for defense workers, or are they being filled by people who heretofore were doubling up?

Mr. Edwards. I don't think there is any doubt that part of the vacancy picture is that some of the families that doubled up during the depression or the 1938 "recession," as they call it, are now separating and finding vacant dwelling units wherever they can.

However, I would say, to return to my original statement, that if there are defense workers coming into this area in any number at all, they will have an exceedingly hard time finding housing unless defense housing programs are started.

Mr. CURTIS. The people living in your U. S. H. A. houses are supposed to have incomes not to exceed a certain figure?

Mr. EDWARDS. That is true.

Mr. CURTIS. Are you presented with any demands to permit them to stay on even though their income exceeds that, on the ground that they can't get another house?

Mr. EDWARDS. Yes, sir; we have had that problem quite recently.

Mr. CURTIS. And what have you done about it?

Mr. EDWARDS. The commission recommended disposition of the matter to the United States Housing Authority. Final decision has not yet been made by them.

We found 150 families in the Brewster project, which is the Negro project, over our maximum income, and 50 families at the Parkside project over our maximum income.

LIFTING OF INCOME LIMIT URGED

Only in a minority in each project were these families over the maximum allowed by the United States Housing Authority in certain other cities. As a result of that, the Detroit Housing Commission has recommended to the United States Housing Authority that our maximum figures be increased by 20 percent; that the families who fall within that 20 percent increase be allowed to stay for a period of 1 year on condition that they pay 25 percent more rent in order to reduce the subsidy on the dwelling unit which they are occupying.

We felt that it would be impossible to evict 150 families from the Brewster project because we didn't think there was any possibility of housing them under the present circumstances or finding housing for them at reasonable rentals.

Mr. CURTIS. But they are in a better position to undertake the problem for themselves than those with smaller incomes, aren't they?

Mr. EDWARDS. No question about that. If it were not for what I consider to be a very serious housing shortage, these families, I believe, should be asked to move and should be asked to find private rentals for themselves.

I think it is illogical to take families from slums and move them back into slum conditions at the end of their period of occupancy of public housing projects, and as a result we have tried to mitigate that evil to the extent that I have mentioned.

Mr. CURTIS. But the public expenditure is made, however, to take care of individuals in slums who have very little or no income.

Mr. EDWARDS. That is correct. So far as the United States Housing Authority's definition of "low-income families" is concerned, the 200 families about which we are speaking are still within that definition.

The Detroit Housing Commission has set its standards of income lower than the United States Housing Authority would have otherwise allowed.

Mr. CURTIS. In other words there is a variance in different localities in the United States?

Mr. EDWARDS. That is correct.

Mr. CURTIS. Based upon rent conditions.

Mr. EDWARDS. That is correct.

Mr. CURTIS. In your paper you say: "What Detroit needs is many newly built homes for rental purposes." Is it your opinion that the recent priorities order limiting houses to $6,000 for home construction will supply the need?

RENTAL HOUSING NEEDED

Mr. EDWARDS. No, sir; I do not think so. I think those homes will be built for people who know that they want to buy a house. I think that if there is an in-migration of defense workers, their problem will be rental housing, and I see no possibility of their securing adequate rental housing through the mere granting of priorities to private housing construction in this area, which private housing construction in most instances is going to be for sale.

Mr. CURTIS. But that will affect the entire picture, will it not?

Mr. EDWARDS. It will affect the entire picture from the viewpoint of people who are ready to buy a house, but the defense workers are not going to be the people who buy the houses, in my opinion. And as a result, in judging the housing picture where there already is a housing shortage, you are depending on a factor for the solution of a housing shortage which does not relate to the problem itself. That is, you are depending upon the desire of individuals now employed in the city of Detroit to own a house, to produce a sufficient number of additional dwelling units to relieve the housing shortage, and I don't think that is a safe assumption.

Mr. CURTIS. Do you have any positive indication that you are going to have a big influx of workers in Detroit?

Mr. EDWARDS. No, sir. I think the picture which undoubtedly has been given you up to date, relating to the effect of the defense program here, has probably been given by people more competent to analyze it than I am. I have heard a great deal about it. I have studied it, but I have to rely on a good many of the same people who have testified here, and the only thing that I can say is that it is my information from those people whom I have talked with in the Office of Production Management, that the machine tools of Detroit and the manpower of Detroit eventually are going to be used to the maximum. Now, whether that is 6 months from now or a year from now, I believe that if they are going to be used to a maximum, we had better start working on the housing problem now, because you can't solve a housing problem at the time the housing shortage exists.

Mr. CURTIS. Of course, those with special skills brought into Detroit will have to be taken care of.

Mr. EDWARDS. Yes.

Mr. CURTIS. What has been the average cost of those housing units you have built so far?

AVERAGE COST OF HOUSING UNITS

Mr. EDWARDS. The last project that we built cost $3,600 a dwelling unit, net construction cost.

Mr. CURTIS. Per family unit?

Mr. EDWARDS. Yes; per family unit.

Mr. CURTIS. Is that white or colored?

Mr. EDWARDS. That is a white project.

Mr. CURTIS. Has that been the average?

Mr. Edwards. No. Some have been less and some have been more. The one immediately previous to that cost $3,280. In other words, there was an increase of close to $400 per dwelling between those two projects.

Mr. Curtis. What is your maximum?

Mr. Edwards. Our maximum, I believe, would be $5,000 in a city of this size.

Mr. Curtis. You have built some that cost $5,000?

Mr. Edwards. I believe about $4,000 is the top figure at which we have built.

Mr. Curtis. Now, what does a family unit consist of?

Mr. Edwards. Of all the facilities that are necessary.

Mr. Curtis. How many rooms?

Mr. Edwards. About four and a half rooms is the average.

Mr. Curtis. What will be the effect of the out-migration of Detroit workers on the housing situation?

Mr. Edwards. It would tend to relieve the existing housing shortage, if there is such an out-migration, and to that extent would mitigate the problem which we now have.

PROBLEM OF HOUSING FOR PARENTS WITH CHILDREN

The Chairman. Mr. Edwards, in our travels throughout the country we found, from the testimony of various migrant witnesses, that it is very difficult for parents with large families of five or six children to get any housing at all. Do you find that problem in the Detroit area?

Mr. Edwards. I would say that the worst housing problem in the city of Detroit is for Negroes with children, and the next, for white families with children. And in this regard I am referring to industrial workers' families whose income presumably would not allow for paying rentals going above the $50 mark.

The Chairman. You said four and a half rooms is the average size dwelling unit. What rooms are provided in such houses—kitchen and what else?

Mr. Edwards. We don't have dining rooms. The average unit would include a living room, a kitchen, and two and a half bedrooms.

The Chairman. Have you any defense housing projects in the Detroit area?

DEFENSE HOUSING PROJECTS IN DETROIT AREA

Mr. Edwards. We have 3 in the Detroit area. There is 1 inside of the city of Detroit, and there is a 500-unit defense project being built in southern Macomb County, at Centerline, and a 300-unit project being built at Wayne. That is just in the northwest industrial area.

The Chairman. Will they be four-and-a-half-room units?

Mr. Edwards. I don't have charge of those two projects and I don't know the details, but I think all of these defense housing projects are being built with a room ratio that is above the previous U. S. H. A. and P. W. A. housing standards, and I think that our experience bears out the desire to build them in larger ratios.

The Chairman. I might say, Mr. Edwards, that we are not here to criticize the Detroit set-up, because we are from the Capital of the

Nation, and things are not so good there. We had a witness before our committee there who testified that there were 6,000 homes there with outside privies, not connected with sewers; so we are in no position to say anything about the rest of the country.

Mr. EDWARDS. Yes; I know Washington has its problems.

The CHAIRMAN. We asked a migrant witness out in Los Angeles where he and his wife and six children slept. He said, "In a 10 by 14 tent." I said, "I suppose you have the very latest sanitary conveniences?" He said, "No, Congressman, we have the earliest."

Before adjourning I want to say that Congressman Fred Crawford, of Saginaw, has sat with our committee during the afternoon session. His suggestions have been helpful, and we were glad to have him with us.

If there is nothing further, the committee will stand adjourned until 9:30 tomorrow morning.

(Whereupon, at 4:30 p. m., the committee adjourned until 9:30 a. m., Thursday, September 25, 1941.)

NATIONAL DEFENSE MIGRATION

WEDNESDAY, SEPTEMBER 24, 1941

House of Representatives,
Select Committee Investigating
National Defense Migration,
Washington, D. C.

MORNING SESSION

The committee met at 9:30 a. m., in the Federal Building, Detroit, Mich., pursuant to notice, Hon. John H. Tolan (chairman) presiding.

Present were: Representatives John H. Tolan (chairman), of California; Laurence F. Arnold, of Illinois; Frank C. Osmers, Jr., of New Jersey; and Carl T. Curtis, of Nebraska.

Also present: Dr. Robert K. Lamb, staff director; John W. Abbott, chief field investigator; Francis X. Riley and Jack B. Burke, field investigators; and Ruth B. Abrams, field secretary.

The Chairman. The committee will please come to order.

Mr. Thomas, you and your associates will be the first witnesses.

TESTIMONY OF R. J. THOMAS, INTERNATIONAL PRESIDENT, UNITED AUTOMOBILE, AIRCRAFT AND AGRICULTURAL IMPLEMENT WORKERS OF AMERICA, AFFILIATED WITH THE CONGRESS OF INDUSTRIAL ORGANIZATIONS; JAMES WISHART, RESEARCH DEPARTMENT, U. A. W.-C. I. O.; GEORGE ADDES, INTERNATIONAL SECRETARY-TREASURER, U. A. W.-C. I. O.; VICTOR REUTHER, ASSISTANT TO MR. ADDES; RICHARD DEVERALL, EDUCATIONAL DEPARTMENT, U. A. W.-C. I. O.; AND RICHARD REISINGER, INTERNATIONAL BOARD MEMBER, U. A. W.-C. I. O.

The Chairman. Gentlemen, Congressman Osmers will interrogate you.

Mr. Osmers. Mr. Thomas, will you give your name and your title to the reporter, for the record?

Mr. Thomas. R. J. Thomas, international president, United Automobile, Aircraft, and Agricultural Implement Workers of America, affiliated with the Congress of Industrial Organizations.

Mr. Osmers. Now, would you care to present the other men who are with you?

Mr. Thomas. I have with me as consultants, Mr. Wishart, who is in charge of our research department, Mr. George Addes, who is international secretary-treasurer, and who has been placed in charge of our department on priorities unemployment; Mr. Victor Reuther, who will be Mr. Addes' assistant; Richard Deverall, in charge of our educational department; and Mr. Reisinger, international board member, and also assigned to priorities unemployment.

Mr. Osmers. Mr. Thomas, in going over your prepared statement with respect to the automobile industry, I notice several observations that are at complete variance with the generally accepted notions as to the position of the automobile industry with respect to defense, so as we go along, I am going to quote to you certain portions of your own statement, and then you can enlarge upon them and thereby we will have a full presentation of your views. The statement will be incorporated as a part of the record.

(The statement referred to above is as follows:)

STATEMENT BY R. J. THOMAS, INTERNATIONAL PRESIDENT, UNITED AUTOMOBILE, AIRCRAFT AND AGRICULTURAL IMPLEMENT WORKERS, AFFILIATED WITH THE CONGRESS OF INDUSTRIAL ORGANIZATIONS

The impact of curtailment in the interest of national defense has not yet been felt in the automobile industry.

It is true that the Office of Production Management has already announced reduced quotas for passenger-car production for the 12-month period beginning August 1, 1941. Total passenger-car production in those 12 months will be 50 percent under production in the 12-month 1940–41 model year. No more than 2,148,300 cars will be produced as compared with the 4,223,732 cars which came off automotive assembly lines in the previous year.

But this slash in production has not yet been realized. From the 1st of August this year up to September 20 a total of 319,720 motor vehicles have been produced as compared with production of 272,673 for the same weeks of 1940.

Instead of the 26 percent cut in operations ordered by Office of Production Management beginning with August 1 we have been experiencing a 17 percent increase in production. Only in the last 2 weeks has production been checked.

The following table will indicate total vehicle production on a week-to-week basis:

Motor vehicle production, Aug. 1 to Sept. 20

	1941	1940
August 1-31	173,000	89,866
September 6	32,940	39,665
September 13	53,165	63,240
September 20	60,615	79,902
Total	319,720	272,673

The auto production has proceeded at this speed is a matter of some concern to the membership of my organization. For it indicates that the major producers have turned their full energies toward securing the highest possible levels of production in the first few weeks of the present-model year.

The United Automobile Workers fears that this all-out production of cars in the last few weeks may be opening the way for a slump in production and employment before the 48.4 production cut announced for December 1 can take effect.

In the present uncertain situation, therefore, it will be impossible to present to the members of the Tolan committee any reports of the full impact of production curtailment in the automobile industry.

I can only suggest some of the probable effects of curtailment in the auto industry. I can only estimate conditions which will exist throughout our industry within the next few months.

Before dealing with this question it is well to point out that in spite of the comparatively high level of production throughout the auto industry, displacement of workers has already taken place in certain areas of the Union. In Buffalo, for instance, 3,600 of our members found themselves without employment over a month ago when the General Motors Corporation shut down its plants in that city for conversion to defense production.

Earnest efforts on the part of Office of Production Management secured employment for some 1,400 out of this number in the booming defense plants of Buffalo. The remainder, including about 400 now enrolled in defense training courses, are now subsisting on unemployment compensation.

In a number of auto-parts plants, including the giant Briggs body plant where lay-offs will shortly amount to about 4,000, future curtailment in final assemblies has already taken its toll of employment. No conclusive data on this situation is yet available on an industry-wide basis.

PRIORITY UNEMPLOYMENT

Beginning with December 1, 1941, the automobile industry will be allowed to produce only one passenger car for every two produced last year. Beginning with March of 1942 production quotas are to be reduced even below this level.

It should be understood that in establishing quotas for the automobile industry the Office of Production Management makes no guarantee that materials will be available for their complete fulfillment. No priority or preference rating is available for critical materials going into the production of automobiles. In the auto industry such ratings are reserved for the production of heavy trucks and repair parts.

In view of the shortages now existing in supplies of essential metals, it is altogether likely that by the first of next year production quotas announced by the Office of Production Management will become impossible of accomplishment by the automobile industry.

On the face of it this situation constitutes a grave problem to the men and women whose livelihood depends upon employment in the auto industry of Detroit and Michigan. It is certainly a matter affecting profoundly the interstate movement of workers.

How many workers are to be displaced by curtailment throughout the auto industry?

The best answer to this question can be suggested by comparing last year's employment with employment during the year of 1938. In that year the auto industry produced about 50 percent of last year's motor vehicle output. And in 1938 an average of 305,000 workers found employment in the auto industry. During winter and spring of 1941 employment in the auto industry has averaged about 520,000.

These figures would indicate, then, that about 215,000 auto workers will be seeking new employment of some kind by the middle of December 1941.

It is true that a part of this 215,000 will be able to secure employment in expanding defense industry. But defense employment will be sufficient to absorb only a fraction of this number within the near future. Between June and December of this year not much more than 60,000 defense jobs will have been added to the auto industry.

Assuming that every defense job went to a displaced auto worker, by January 1, 1942, at least 150,000 automobile workers would be still dependent on unemployment compensation, Work Projects Administration assistance, or relief.

For the State of Michigan alone at least 80,000 auto workers are threatened with unemployment through the winter.

The effect of this situation would appear to be little short of catastrophic for the communities affected. Unemployment for 150,000 auto workers will mean a decline of $6,240,000 per week in the purchasing power of labor throughout the county.[1]

In Detroit it appears that net unemployment will be increased by 50,000 by January 1942. In communities such as Flint, Mich., the problem may well assume the proportions of a major crisis. Out of a total industrial employment of 50,000 in Flint as of May 1941, at least 20,000 are threatened by lay-offs within the next 3 months.

Only one plant in Flint is now working on Government contracts; and defense work now contracted for will not be sufficient to employ a majority of its present automotive workers.

Of course Flint's problem would be well on the way to a successful conclusion had not the General Motors Corporation given up its plans for locating there an aircraft engine plant which could have employed at least 10,000. On the claim that "Flint's labor supply was inadequate" this aircraft engine plant is now swinging into production in Melrose Park, Ill.[2]

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[1] Bureau of Labor Statistics average weekly earnings for auto workers in May 1941 ($41.64) times total unemployment.

[2] A similar mystery in plant location is the choice of Ypsilanti for Ford's giant bomber plant. This community lacks all facilities for the 30,000 or more workers to be employed. These workers will pay the price for this in a 30-mile drive to and from work over intolerably crowded highways.

Saginaw, Lansing, Pontiac, and other centers of auto production in Michigan are likewise threatened by the curtailment of automobile production—though in those cities the impact will be less crushing than in Flint or Detroit.

How soon will defense production call for the labor of these men whose jobs are threatened by material shortages and curtailment?

All the information we have been able to secure indicates that the auto industry at its present pace is creating about 10,000 defense jobs per month. Unless this pace is considerably increased—and I am confident such increase is possible—net unemployment will not be materially reduced until the summer of 1942. Defense jobs coming into the industry up to July 1942, will be barely sufficient to absorb additional unemployment created by cuts well under the 50-percent level anticipated for next spring.

I do not know how much at variance these conclusions may be with those presented to this committee by representatives of the automobile industry. I do not see how they can well present a more hopeful picture.

In recent weeks representatives of management have come to take a more realistic view of employment prospects in the auto industry than they had before. Certainly it is difficult now to speak of a shortage of labor as a bottleneck in the defense program.

This marks a considerable change over earlier attitudes. Representative of the thinking 2 or 3 months ago of auto company executives is the following statement which appeared in a study of The Auto Industry's Role In Defense prepared by Wards Automotive Reports in July of this year: "The automobile industry, therefore, is likely to add to its pay rolls by next spring a total of approximately 450,000 men. This is a tremendous total—about the equal of the 447,000 hourly rated employees which the plants are estimated to have employed in 1940."

GENERAL EFFECTS OF PRIORITY UNEMPLOYMENT

All of us in Michigan are deeply concerned with the direct economic effects of this dislocation upon our workers and our communities. If a well-planned program can be followed out by industry, labor, and Government these unfortunate repercussions can be kept at a minimum. But this problem must become not only the concern of the auto worker whose security and standard of living has been made precarious. Along with the worker the large group of tradesmen and professional people whose incomes are dependent upon his wages are threatened. The farmers of this State, too, stand to lose through the misfortune of the city workers who make up their primary market.

Certain groups of workers are more seriously endangered by this "priority unemployment" than others:

1. The right to employment for Negro workers in the auto industry on defense production has been resisted by many corporations. I am advised that representatives of the Congress of Industrial Organizations in Chicago have taken steps to bring the General Motors Corporation to the elimination of discrimination against workers of Negro or Jewish origin.
2. With the whole transition to defense production, the position of women workers in the auto industry is threatened. Management has claimed in many cases that work available on defense production is not suitable to the capacities of their female employees. This attitude must be reckoned with here however much it is in variance with the experience of British industry in meeting problems of wartime production.
3. Groups of skilled workers in the auto industry are finding that the present training is of small help to them in securing defense employment. Large numbers of trimmers, and polishers, for instance, are in a difficult position.
4. The unskilled worker and the older production worker are in weak positions to meet the competition of a labor market which still contains close to 7,000,000 unemployed. Only through the protection of the union in securing employment can workers in these categories find stability for themselves and their families.

RESPONSIBILITY FOR DISLOCATION

For many years the American automobile industry has had a world-wide reputation for its resourcefulness, initiative, and mastery of productive technique. It is this industry with its record of magnificent accomplishment which had been counted on to provide the productive power necessary to make this country an arsenal of democracy.

A confidential bulletin of the Bureau of Foreign and Domestic Commerce, quoted by I. F. Stone in his recent book, Business As Usual, states:

"The automobile industry is the outstanding major industry capable of producing a much larger volume of defense materials * * * the automobile industry constitutes our largest available reserve, contained in any single industry, of productive power for defense."

Why is it that the contribution from this major industrial power to our national-defense program has been, comparatively speaking, negligible? Out of 250,000 workers employed by General Motors in June 1941, only 34,000 were employed in national-defense work. And at the present time our estimates would indicate that no more than 45,000 General Motors' workers are producing for the national-defense program. The same ratio of defense to nondefense work appears to prevail throughout the industry. National defense production in the auto industry has been made up primarily of magnificent reports of plant construction and engineering aspirations. Not one-tenth of the basic productive power in the industry, even at this time of world crisis, has been directed toward ends of national defense. It is in this situation that the explanation of a tragic paradox—threatening unemployment to skilled workers and productive equipment of the automobile industry at a time of national emergency—is to be found.

In November of 1940 our union made certain proposals to the Office of Production Management and to the automobile industry for the speedy and complete development of national-defense production in automobile plants. A plan to achieve this purpose was worked out at my suggestion by one of our officers, Mr. Walter P. Reuther, with the assistance of designers and skilled craftsmen of the industry. This plan proposed the following:

1. That the excess productive capacity of the automobile industry be at once mobilized for defense. Mr. Reuther demonstrated that tremendous resources in machinery and equipment were used in the automobile industry only at certain periods of the year. With the leveling off of production schedules, such equipment would become available for immediate diversion to national-defense production.

2. That the tooling resources of the automobile industry, including men and equipment, be diverted immediately toward a general tooling up of the industry for national defense purposes. With at least 200,000 machine tools available in the industry, operated by a large mass of the most skilled workers in the country, this tremendous machine-producing power could have been directed toward the retooling of auto equipment for the production of aircraft and other items of national defense importance. Such utilization of automobile machine-tool capacity would have meant postponement of the annual model change-over for the industry.

Had steps been undertaken back in November of 1940 to call upon the productive power of the auto industry for national-defense purposes, we would not now be facing a tragic crisis of unemployment and retarded production. Had industry and Government been willing to undertake this essential task, defense jobs developed in the industry would now be more than sufficient to absorb the full complement of automobile workers displaced by curtailment of regular automobile production.

In emphasizing this point, I am not seeking primarily to criticize representatives of industry and government responsible for this failure. I am emphasizing it because it is my conviction that the basic elements of the Reuther plan are still applicable and must be brought to bear if we are to find a way out of the present impossible situation. The key to our whole problem, in my opinion, lies in the acceleration of conversion from regular automobile to national-defense production. For this purpose the basic thesis of the Reuther plan that present automobile machine tools and factories may be readily adapted to national-defense purposes is still of the most vital importance. Automobile machine tools and the skilled craftsmen to operate them are still available for the rapid transformation of this industry. This can be done, and will be done, provided Government and industry authorities are willing to cooperate with labor in the full coordination of all production and tooling facilities in this industry in a major campaign to make Flint, Detroit, and the other centers of automobile production main resources in the drive to out-produce Hitlerism.

Auto workers throughout the country believe that a major crime against national defense and their own welfare has been perpetrated in this refusal of industry to prepare adequately for national defense. Major automobile companies have preferred not to tamper with their regular productive equipment. They have hesitated to do anything which might interfere with their capacity to expand production in the highly competitive production of automobiles. Instead they have accepted Government funds for the building of new defense plants and the purchase of new machine tools.[1] They have accepted only such defense orders as might be produced in these plants without interference to their "business as usual" program.

Auto workers recognize that this policy of expanding "business as usual" and accepting defense work as a marginal activity may well prove an expensive one to the country at large.

For the past few months, as the world situation has become more and more critical, well over 20,000 tool and die makers have been operating the machine tools of the auto industry in producing the tools, dies, jogs, and fixtures necessary to the production of new model cars. These critically important men and equipment have been devoting their full energies to the creation of more attractive automobiles; and from advance advertising, these automobiles appear to be very attractive indeed. But I fear that they have been produced at the very high price of unemployment to automobile workers and slow-down to the national defense program.

In concluding the discussion at this point, I may say, on behalf of my organization, that automobile workers are now ready as they have been in the past to take the most energetic steps in cooperation with industry and Government for meeting this situation.

In the interests of national defense, in the interests of economic security for automobile workers, immediate steps must be taken for the speedy transformation of the auto industry into a basic section of the American "arsenal of democracy."

SHORTAGES

It is true at the present time that one element of the Reuther plan cannot now be carried through, and that is the continuation of regular automobile production while surplus facilities are changed over to national defense production. This cannot be done because supplies of steel, aluminum, nickel, zinc, copper, and other essential elements are insufficient to maintain both regular auto production and all-out production for national defense.

For this situation auto workers place responsibility on the monopolistic "business as usual" practices adhered to by major producers of these essential materials. We have seen the evidence brought forward by the Truman committee's investigation of the aluminum monopoly. We are familiar with the resistance to expansion of steel productive facilities carried through by the American Iron and Steel Institute and certain officials no longer connected with the Office of Production Management. But we are happy to see that the American public is at last becoming conscious of these problems; that steps are at last being taken through Government agencies such as the Supply Priorities and Allocations Board for organizing full productive capacity. We believe that such steps will, in the long run, solve the problem of the automobile worker, and that in solving his problem, the problem of the Nation as a whole will be met.

IMMEDIATE STEPS

As I have indicated before, the problem of unemployment in the automobile industry depends for its solution upon a speedy transition to full national defense production. This means the elimination of red tape in awarding contracts in all places where priority unemployment threatens; this means the all-out utilization of the engineering, designing, and tooling facilities in the auto industry in a coordinated program of national defense tooling; this means, above everything else, an abandonment of "business as usual" psychology in a full power drive for defense production.

At the best, however, this cannot be an immediate solution to the auto worker's problem. Mistakes have been made for which the auto worker is going to have to pay the bill in unemployment and economic insecurity for a period of some months. To meet this situation, therefore, the United Automobile, Aircraft, and Agricultural Implement Workers, Congress of Industrial Organizations, brings forward the following program:

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[1] Last winter when major energies of auto corporations should have been directed toward converting plants to arms production, they were instead engaged in a record-smashing passenger car production and sales campaign. That brought big profits out of defense prosperity. But now last winter's "business as usual" is going to mean "unemployment as usual" for auto workers.

These plants will doubtless be highly efficient plants capable of asserting dominance in the aircraft industry following the completion of our defense program. They are more valuable, therefore, to their present owners than a regular automobile factory tooled up for defense production upon an emergency basis. Such factories might not be able to meet peacetime aircraft competition.

1. *Full and complete enforcement of Office of Production Management principles for employment security to automobile workers.*

In recent weeks a series of meetings on this problem has been held in the city of Detroit between officials of industry, the U. A. W.-C. I. O., and the Office of Production Management. Through these meetings a policy for transferring experienced automobile workers to defense jobs through channels of the United States Employment Service has been worked out. This policy guarantees that developing defense jobs will go first to experienced automobile workers in order of their seniority, and that younger workers will be secured in their employment on regular automobile production. This is the essential principle of the Buffalo plan. But to become effective that principle must be secured by more adequate machinery in its application; must be confirmed by more active cooperation from the employers of defense labor.

2. *Protection of the economic security of displaced automobile workers.*

Even in such a city as Buffalo, N. Y., where tremendous demand for national-defense labor is developing, the Buffalo plan by itself has provided employment up to September 20 for only 1,200 out of 3,600 unemployed automobile workers. In centers such as Detroit, Flint, and other cities of Michigan, where there will be no immediate expansion in over-all employment, the ratio of men finding defense jobs to those unemployed will be considerably smaller for some time. These workers must be protected by more adequate unemployment compensation. With rising living costs, with generally chaotic economic conditions, unemployment benefit payments must be increased. A sum of $110,000,000 at the disposal of the Michigan Unemployment Compensation Commission indicates that this may be done through a specially called session of the Michigan State Legislature.

I am advised also that in England at the present time, workers undergoing training for national defense receive wages equal to their normal full-time wages. It is the responsibility of both industry and Government to provide such compensation to groups of automobile workers who may require new skills for their employment in the national defense program.

3. *A moratorium on debts for unemployed automobile workers.*

With the high rate of employment and weekly earnings prevailing in the industry during recent months, many auto workers have undertaken heavy financial responsibilities. They must not, in this period of emergency, be deprived of their homes, their furniture, or of their automobiles. Protection of these workers is basic to the maintenance of morale among them and in the communities in which they live.

4. *Increased production and employment in national-defense plants.*

The recent meeting of the international executive board of the U. A. W.-C. I. O. has called for the adoption of an additional shift with proper overtime payment in all automobile-industry national-defense plants. This would increase the hours of operation in national-defense plants to 160 per week and would provide employment for at least 25 percent more automobile workers. Such a development should be given the serious consideration of industry and Government.

5. *The adoption of the Murray plan for the automobile and other industries.*

The Murray plan calls for the adoption of industry councils representative of labor, industry, and government in each one of the basic defense industries throughout the country. In the automobile industry, such a council would have responsibility for the placement of contracts, for the utilization through subcontracting of all the productive facilities, both in large plants and small plants, for the coordination of tooling and productive equipment in an all-out production drive, and for the protection of labor's democratic rights as a thing essential to productive morale.

The principle must be recognized that national-defense production should not be the private concern of powerful monopoly interests. It is a vital concern of the workers involved, and of the Nation through its government, as well as the executives of major industry. Fuller recognition of this fact will be the foundation for future successful progress in our defense program.

(The following was received subsequent to the hearing and is made a part of the record, in accordance with instructions from the chairman:)

SUPPLEMENTARY STATEMENT OF R. J. THOMAS, INTERNATIONAL PRESIDENT, UNITED AUTOMOBILE, AIRCRAFT, AND AGRICULTURAL IMPLEMENT WORKERS, CONGRESS OF INDUSTRIAL ORGANIZATIONS

Automobile Capacity for Defense Production

For the last 9 or 10 months considerable discussion has been going on regarding the adaptability of automobile plants and equipment for defense production. It has been the position of the U. A. W.–C. I. O. that the large bulk of automobile productive machinery could be adapted to various types of defense production within a comparatively short period. This could be done as proposed by Mr. Walter P. Reuther, by the coordination of the tooling facilities of the auto industry for the production of the jigs, fixtures, and tools essential to making defense plants out of auto plants.

Representatives of the automobile manufacturers have urged strongly an opposing point of view. Said Mr. Alfred P. Sloan, Jr., chairman of the General Motors Corporation, on November 20, 1940: "* * * Automobile plants are not adaptable to the manufacture of other products. Repeated surveys have indicated, for instance, that only about 10 or 15 percent of the machinery and equipment in an automobile factory can be utilized for the production of special defense material." Mr. Sloan added, "It is usually necessary to provide new facilities, including machinery and tools."

It was on the basis of thi position that the automobile industry, the Office of Production Management, and the United States Army and Navy have, up to the present time, at least, followed a program of building new plants and of developing new production equipment instead of utilizing facilities already available.

There is strong evidence to support the position of the U. A. W.-C. I. O.

Advice received from a large number of engineers and designers, who are involved in both the automotive and aircraft industry, indicates beyond question that the proportion of machinery and equipment available for early change-over is many times higher than the estimate of 10 to 15 percent made by Mr. Sloan in the statement quoted above. According to these men whose daily work is the solution of tooling and production problems, at the very least, 50 percent of the productive equipment of the automobile industry is available for change-over to defense work within a period of from 3 to 6 months.

LIST OF NEWLY INSTALLED MACHINES

Aircraft machine tools differ from those used in the auto industry only in the jigs and fixtures employed. In this connection I should like to list machines newly constructed and installed in the Allison division of the General Motors Corporation in the city of Detroit. These machines listed are installed for the production of aircraft parts and duplicate existing automobile-plant machinery:

Grinding machines: Cincinnati centerless, Exlo internal and external, Bland, Norton, Landis, Blanchard, Brown & Sharpe, (Bryant) and Held. (These machines are used to produce the following parts which are common to both aircraft and automobile motors: Camshafts, crankshafts, bearings, connecting rods, wrist pins.) Milling machines: Milwaukee, Cincinnati, Sunstrand, and Brown & Sharpe. Keller machines: Wickes lathes, Greenlee lathes, and Cincinnati lathes. Spline machines: Sunstrand and Brown & Sharpe. Hones: Exlo and Wickes.

FIGURES OF GENERAL MOTORS PRESIDENT CITED

It is interesting to note that in his speech of September 10, 1941, Mr. C. E. Wilson, president of the General Motors Corporation, expresses opinions which seem to be at variance with those expressed months before by Mr. Sloan. Says Mr. Wilson: "General Motors has a productive capacity and has been producing approximately 8 percent of the total durable goods produced in the United States. On this basis the corporation's proportion of the defense program for this type of material would be about 8 percent."

Mr. Wilson is here assuming that general capacity to produce consumers' durable goods is directly transferable to capacity in the production of defense goods.

That is the position which our union has been taking for the last 10 months. We believe it most unfortunate that a recognition of this fact has not been made by Government or industry up until this comparatively late stage of our defense program.

Because of this failure, the General Motors Corporation can report that out of $1,350,000,000 production of finished durable goods during the first 6 months of 1941, only $131,000,000 worth of that production was in the field of national defense. This corporation, with 8 percent of America's total durable-goods capacity, has devoted less than one-tenth of that capacity to defense production up to the present time.

Even more unfortunate, however, will be the effects of this policy in the months to come when the full curtailment of auto production takes place throughout the industry. Then auto workers will pay the penalty in unemployment for apathetic national-defense preparation. If this had not been true, if a recognition of the auto industry's responsibility toward national defense had come some months ago, preparation for a change-over might now be well under way. The necessary engineering work, the work in designing and tooling, could have been carried through without interference with regular automobile production during the early months of 1941. True, the introduction of new models for 1942 would have been postponed, but some 30,000,000 hours of skilled labor in the utilization of essential machine tools might have been diverted from producing new model cars to open the way for gigantic national-defense production.

"BUSINESS AS USUAL"

But the conception of "business as usual" triumphed in governmental agencies as well as in the industry itself. New models were allowed. The largest group of skilled workers in the country labored long hours to produce sleeker curves and fancier grillwork. As a result, we are only now beginning the program of retooling for defense production, which should have been initiated early in the winter of 1941. In consequence, automobile workers are left to face an extended period of unemployment—a period of unemployment which might well have been obviated by early planning for defense retooling.

Even at the present time, both industry and Government have failed to take adequate steps to coordinate the full tooling facilities of the auto industry for the change-over to defense production. A survey conducted by the Detroit and Wayne County Tool, Die, and Engineering Council in 34 Detroit automobile plants indicates that out of a total of 1,577 machine tools, 337 of those tools are idle throughout the week. The remainder are being operated at an average of 70.4 hours per week. With capacity operations of all these machines on the basis of a 160-hour week, total weekly operation would be equal to 252,320 machine-hours. Instead, actual machine-hours are in the neighborhood of 87,296. This means that these tools, which are the most essential and most critical to the defense program, and of crucial importance to retooling the entire industry, are at the present date being employed at no more than 35 percent of full capacity.

COORDINATION IN USE OF EQUIPMENT URGED

In the opinion of the U. A. W.-C. I. O., this is a startling situation. It is our conviction that immediate steps by authorities of the Army, Navy, and other Government agencies should be taken to coordinate this reservoir of unused equipment for the full and immediate transition of the auto industry as a whole to defense production. This is the key to an early solution of the employment problems now confronting auto workers. Even more important, it can be made a key to the solution of America's basic problem—the problem of producing arms in sufficient quantities to frustrate Nazi designs for world domination.

I have been advised by many local unions in our organization of another problem which has developed in connection with securing full defense production and employment. Information received by my office indicates that considerable difficulty has been encountered in adjusting specifications established by the ordnance departments of the armed forces to the necessities of mass production.

Too often the specifications had been rigidly established some years ago and are adhered to at the expense of efficient production methods. The auto industry, for instance, has developed many time-saving techniques for welding. These have been tested and checked and found to be eminently reliable. Army and Navy officials, however, have been very slow to relax specifications calling for riveting. They have been reluctant to accept welded parts. Such attitudes are an obstacle to obtaining maximum production at the earliest possible moment in the interests of our national-defense program.

May I assert again labor's profound conviction that it has a very positive contribution to make in solving the problem of defense production throughout this country. Up to the present time labor has not been called on to make such a contribution; and, as in regard to the Reuther plan, its efforts along that line have not found a welcome in official quarters. It is labor's conviction that in such a battle as we are now facing for the defense of democracy, the extension of the democratic method itself is the surest guaranty of final victory.

Labor welcomes recent indications that both industry and governmental agencies are beginning to shake off the apathy and red tape which have so far circumscribed the auto industry's participation in the defense program. As workers and as citizens of a democracy we are ready to cooperate in a further essential advance along that front.

Machine availability survey of the Detroit and Wayne County Tool, Die, and Engineering Council, Oct. 10, 1941

[34 plants surveyed]

Name of machine	Total number machines	Total idle machines
Lathes	261	51
Planers	49	17
Shapers	237	78
Grinders	296	40
Mills	171	45
Boring mills	81	9
Kellers	40	18
Screw machines	27	8
Slotters	30	10½
Jig borers	27	3½
Radial drills	87	17
Drill presses	266	40
Do-all	5	1
Total	1,577	337

21.4 percent of total number of machines are idle.
These plants are operating on an average of 44 percent of a full 7-day workweek.

Source: Research department, United Automobile, Aircraft, and Agricultural Equipment Workers, Congress of Industrial Organizations, Detroit, Mich.

TESTIMONY OF R. J. THOMAS—Resumed

Mr. Osmers. Now, Mr. Thomas, you say not one-tenth of the basic productive power in the industry, even at this time of world crisis, has been directed toward ends of national defense.

I wonder if you would enlarge upon that.

UNDER-CAPACITY PRODUCTION

Mr. Thomas. The automobile industry for a great many years has never run at full capacity. What I mean there is that, due to the intense competition in the industry, there was a great amount of unused floor space and machinery. Even in the past year, when there was record production in the automobile industry, a great deal of that space was not being used.

Some 8 or 9 months ago we brought this fact to the attention of various Government officials in Washington, and we tried very hard at that time to get additional defense work in the industry because we knew from our experiences in the last war that there would have to be considerably more production of national-defense materials than was being achieved then.

We made a survey at that time, and since that time have kept very close tab on the amount of work coming into the industry, and we find in comparison with the amount of work put out by the industry as a whole that the national-defense production is only a very minor portion of the total.

SLOW TO CONVERT PLANTS FOR DEFENSE PRODUCTION

Mr. OSMERS. Now, you make another statement which in itself constitutes a serious charge. I am going to read it at this time [reading]:

> Auto workers throughout the country believe that a major crime against national defense and their own welfare has been perpetrated in this refusal of industry to prepare adequately for national defense. Major automobile companies have preferred not to tamper with their regular productive equipment. They have hesitated to do anything which might interfere with their capacity to expand production in the highly competitive production of automobiles. Instead they have accepted Government funds for the building of new defense plants and the purchase of new machine tools. They have accepted only such defense orders as might be produced in these plants without interference to their business-as-usual program.
>
> Last winter when major energies of auto corporations should have been directed toward converting plants to arms production, they were instead engaged in a record-smashing passenger-car production and sales campaign. That brought big profits out of defense prosperity. But now last winter's business as usual is going to mean unemployment as usual for auto workers.
>
> These new plants will doubtless be highly efficient plants, capable of asserting dominance in the aircraft industry following the completion of our defense program. They are more valuable, therefore, to their present owners than a regular automobile factory tooled up for defense production upon an emergency basis. Such factories might not be able to meet peacetime aircraft competition.

Mr. THOMAS. I might give you an example that ties into that statement very closely.

PROTESTS LOCATION OF BUICK PLANT

When plans were being discussed for building the new Buick plant in the city of Chicago, to manufacture Pratt & Whitney engines, I personally made a protest to Mr. Knudsen against the location of that plant.

Mr. OSMERS. What was your protest based on, Mr. Thomas?

Mr. THOMAS. It was based on the fact that I personally felt and knew that if this country was to have a war program such as was necessary to defeat Hitler, there couldn't be "business as usual."

LOCATION OF PLANT AS CREATING UNEMPLOYMENT

Now, the headquarters of the Buick Co. is in Flint, Mich. That plant has been their major producing unit. I felt a great number of workers in Flint would be out of work, and building that plant in the city of Chicago would not relieve their position. I also felt that in a city like Chicago the new factory would not have the labor required—mechanically trained labor, such as would be available in Flint. I brought this to the attention of Mr. Knudsen. I protested violently on the matter, declaring that by taking work like this out of Flint and other centers, the industry would be very likely to make ghost towns out of those particular places.

Mr. Knudsen answered that they couldn't build the plant in Flint, due to the fact that there would be a labor shortage.

Well, of course, he and I disagreed on that. He claimed there would be a labor shortage and I claimed that if the plant at Flint was abandoned, Flint would become a ghost town. Today I think it is generally conceded that I was correct. There is a lack of defense work in Flint. There are thousands of people in Flint out of work, and the building of the Chicago plant is going on; and even today, in my opinion, it would pay at this late date to see that those Pratt & Whitney engines are built in Flint rather than in Chicago—even if the Chicago plant has to stand idle.

Mr. OSMERS. Does Buick build its motors in Flint?

Mr. THOMAS. Yes.

Mr. OSMERS. They have motor mechanics there?

Mr. THOMAS. Yes, certainly.

Mr. OSMERS. Was it evident to you or to Mr. Knudsen or to anyone concerned with the situation that there was any number of unemployed motor mechanics in the Chicago area?

Mr. THOMAS. Well, I can't give figures, but it is a fact that in the city of Chicago there just haven't been any mass groups of people who have had experience in building motors, because it hasn't been done there.

Mr. OSMERS. I was wondering why the O. P. M. would look over the map of the United States and pick out Chicago as a place to build these motors—whether there were any particular skills there, or an availability of materials, or any other factors that would influence them to do that.

I know Chicago is a big city, and I know they could probably get a wide assortment of labor, but are the specialized skills required in manufacture of airplane engines available there?

Mr. THOMAS. For that particular kind of work there is certainly sufficient labor in Flint. There is no question about that.

ON LABOR SHORTAGE

The CHAIRMAN. Mr. Thomas, I wonder if I could interrupt for a moment. There is a feeling in the United States, inspired by propaganda from certain sources, that our labor supply is exhausted. The Navy Department is turning down contracts because they say the plants cannot get the necessary labor.

But we had a witness in Washington recently who testified there were 6,000,000 people registered with the employment offices in the United States. Do you believe the national-defense program cannot be supplied with the necessary labor?

Mr. THOMAS. No; there is plenty of labor. One of the problems in our particular industry is created by the fact that certain people high in the industry and in Government for the past 2 years have been putting out information that there would be a shortage of labor. The thing that I am afraid of is that such statements will bring down the morale of the automobile workers. Morale of the workers is being affected right now by the very fact that thousands of people are being laid off today with no opportunity of a job at all.

The CHAIRMAN. Congressman Arnold.

Mr. ARNOLD. Mr. Thomas, couldn't both the Flint factory and the Chicago factory be operated? Is there any reason why the Flint plant couldn't yet be converted, even though it is late in the defense program?

Mr. THOMAS. There is no reason why it could not be converted for defense purposes.

Mr. ARNOLD. Then why shouldn't it be converted and both plants operate?

Mr. THOMAS. Some of the things that are happening today are due to inefficient planning in the past.

The thing that you suggest could be done, but to relieve the unemployment situation, I think the job should be done in Flint first; then, if it is necessary for additional expansion, the additional jobs could be done in Chicago.

The CHAIRMAN. Congressman Osmers.

Mr. OSMERS. Mr. Thomas, you know this committee is primarily concerned with the migration of people from one section of the country to the other as a result of the national defense program.

MIGRATION INDUCED BY LOCATION OF PLANTS

We see no reason for depriving an American citizen of the right to move anywhere he wants to move in the country, but our object is to avoid needless and wasteful migration.

Now, if we have motor mechanics in Flint, Mich., who are unemployed as a result of the defense program, and we build a motor plant in Chicago as a part of the defense program, isn't that likely to result in a clear case of needless and wasteful migration? Will not such a program make it necessary to uproot workers from other parts of the country and bring them to Chicago?

Mr. THOMAS. That is right.

Mr. OSMERS. I know if I happened to be one of those unemployed workers in Flint, and the plants stopped making airplane motors there and started to make them in Chicago, I would go to Chicago to look for a job.

Mr. THOMAS. That is correct.

Mr. OSMERS. And tear my children out of school and upset my family and try to find new living quarters.

Mr. THOMAS. The people working in Flint—a large porportion of them—have been living in Flint for a great many years. They have their homes there. There are certain economic factors which make it difficult to transplant a man and his family from one place to another in a short space of time.

But when a man gets hungry he will go anywhere to work. He might have a home and an investment in Flint, but nevertheless he will go to Chicago, if he has to, rather than let his family go hungry. For these workers, making such a move is practically starting life over again. And after the national defense program is over, then what? Then he is confronted with the necessity of having to go back to Flint again.

Mr. OSMERS. And the chances are that the process of moving—that is, of selling out in Flint and buying in Chicago and establishing himself there, and then moving back to Flint—would certainly take away from him any benefits that he might have received by making the move in the first place.

HOUSING PROBLEMS

Mr. Thomas. Not only that, but we find in our investigations in many places in the country today that it is practically impossible for a worker to buy or rent a home. People who control the real estate market are deliberately putting rents so high as to force workers to buy rather than rent. Places that would normally be available for rent they will not rent. They want to sell them.

Mr. Osmers. This committee, in traveling around the country, has yet to find a place where rents haven't been increased to a ridiculous degree—out of line with anything else in the community, and I am sure that that would follow in Chicago or any other place.

RENT RISES

Mr. Thomas. The average automobile worker's rent has increased around $5 a month within the last 6 months.

Mr. Osmers. You refer to the average automobile worker in Michigan?

Mr. Thomas. No; I am referring to the automobile centers of the entire country. I would include in that figure Detroit, Pontiac, and Flint. Those are the key cities in Michigan. Then, in addition, there is South Bend, Los Angeles, and Anderson, Ind. Those are the key automobile centers of the country.

Mr. Curtis. That is out of line with the upward swing of other costs?

Mr. Thomas. Yes, it is.

Mr. Curtis. By about what proportion?

Mr. Thomas. I should say it would be about 50 percent more. I mean rents have advanced about 50 percent faster than commodities.

Mr. Osmers. Here is another statement, Mr. Thomas, that I am going to read back to you for your comment. This statement is on page 8 of your paper: (In this volume, p. 7263.)

> Had steps been taken back in November of 1940 to call upon the productive power of the auto industry for national-defense purposes, we would not now be facing a tragic crisis of unemployment and retarded production. Had industry and Government been willing to undertake this essential task, defense jobs developed in industry would now be more than sufficient to absorb the full complement of automobile workers displaced by curtailment of regular automobile production.

Mr. Thomas. We approached management and Government. Around November of 1940 we brought to their attention the things that could be done to expedite the national-defense program.

I talked to a lot of automobile manufacturers myself, having negotiations and other matters to take up with them. The situation is just beginning to change now. The only conception the average automobile manufacturer had of national defense was that it would be over and above the usual production in the automobile industry.

Mr. Osmers. You mean it was going to be business-as-usual plus?

Mr. Thomas. Yes; business-as-usual plus, that is correct. Now, of course, we would be very happy with a state of affairs like that, but we didn't believe it was going to be that way. I think we recognized the facts sooner than the manufacturers did. There was a bigger job to be done than the average person realized.

ALLEGED SHORTAGES OF TOOL AND DIE LABOR

At that time the newspapers of the country, as I said before, were carrying stories—for instance, that there was a shortage of tool and die makers.

We pointed out to Government and industry—and industry here in Detroit knew it without our pointing it out to them—that there were thousands of tool and die makers walking the streets, looking for work. Those tool and die makers at that particular time should have been utilized in working off the blueprints, making tools and dies for something in national defense.

We proposed at that time that the automobile industry should not change models, because we know what happens when there are model changes. Again millions of man-hours are used in making new tools and dies for the new models.

We felt that the automobile was or had been developed sufficiently for a period such as we are in now, and that we could very well be in a position to forego the change of models. Nevertheless, models were changed. Time was lost. Millions of man-hours were lost in building tools and dies for automobiles, hours that should have been spent in building tools and dies for airplanes, guns, and motors.

It is only recently that we have been holding joint meetings with Government and industry, trying to work out some program. Previous to that nobody would discuss the matter with us at all.

Mr. Osmers. You say in your paper:

> Automobile machine tools and skilled craftsmen to operate them are still available for the rapid transformation of this industry.

Mr. Thomas. That is correct.

Mr. Osmers. Is that statement at variance with the general impression around the country that skilled men to do that are not available?

Mr. Thomas. That is correct.

Mr. Osmers. Upon what do you base your statement and upon what do they base their statement?

Mr. Thomas. I was just about to tell you that less than 2 weeks ago I called a meeting here in the city of Detroit of various committees we have set up to make a survey of people unemployed. We are making a survey to determine exactly what they are doing, how much national-defense work is being done in the plants, and so forth.

The president of our local, which is No. 157 and is a tool and die makers local in the city of Detroit, was present. On that night it was stated by some representatives of O. P. M. whom I invited to the meeting that there was a shortage of tool and die makers. The president of this local, William Stephenson, stated that night that at that moment in his local union there were 200 tool and die makers out of work who were looking for jobs, and he would give that list to anybody who wanted tool and die makers.

Mr. Osmers. How is it then, that manufacturers in general say that there is a shortage of tool and die makers in the country?

LOCATION OF PLANTS AS CAUSE OF LABOR SHORTAGES

Mr. Thomas. I don't know why they say it but I will tell you why I think they say it. You build a plant like the Buick plant in the city of Chicago. Chicago is not a tool and die town, to any great extent, and never has been. They may be having difficulty in getting tool and die makers, due to the fact that these workers resist migration.

When you build an aircraft plant in Wichita, Kans., or out in some cornfield in Iowa, certainly you will have difficulty in getting tool and die makers. These workers are like other men. They resist migration. There is that resistance against moving. That is one of the reasons why we say that work, more work, should come into the centers where the men are available.

Mr. Osmers. I take it from that, Mr. Thomas, that you would——

Mr. Thomas. Will you pardon me a minute? Mr. Addes would like to give you a few supplemental remarks on that.

Mr. Addes. I would like to supplement Mr. Thomas' remarks on the question of skilled workers in the industry.

SKILLED WORKERS SHIFTED TO PRODUCTION JOBS

We have a great number of skilled workers in the industry who, after each season when the automobile industry changes models, are transferred into production work, such as assembling automobiles and working on motors.

It has been pointed out to the manufacturers here in a recent meeting that there have been tool and die makers, tool makers, pattern makers, and other craftsmen, painting benches, for example, or cleaning up motors.

During the depression days, shortly after the collapse of 1929, a great number of these skilled tool and die makers, because of the lack of tool and die work, migrated into automobile production. There are thousands, literally thousands, of those workers today, working on ordinary production, workers who are capable of doing skilled work. I mean highly skilled work, such as tool and die making.

For example, in Flint, in one of the Chevrolet plants, there are approximately 400 tool and die makers in one department, the motor assembly department, who are doing nothing but assembly work.

Now, these people, after the last tool and die season was over, ran short of work, and naturally, because of their seniority, they were transferred to production work. They are still working on ordinary assembly work, which any man could learn in perhaps 2 or 3 weeks' time—2 or 3 days in some instances. We contend that if industry would jerk out from the unskilled operations, from these assembly lines, all these tool and die makers and highly skilled craftsmen, they could find a sufficient number of tool and die makers to work on the national-defense tooling job.

In the city of Detroit we find the same problem. One of the largest tool and die shops in the country is located here in the city of Detroit, and we find that even now that tool and die shop is not loaded to capacity.

There is machinery in there to produce necessary tools and the necessary dies for national defense, but management evidently has not seen fit to create a sufficient number of jobs to load that plant to its capacity. The result is that the national-defense program automatically bogs down in the contention that there are not enough tool and die makers, when as a matter of fact there are plenty of them roaming the streets today.

Mr. OSMERS. You have raised a question in my mind there. You have directed your criticism, with respect to that Detroit tool and die plant, at management. But let us get down to fundamentals. Management can't provide any more work than it has contracts for, and if there is a break-down in Washington, as some think there is, in the distribution of these orders, you could have any kind of management—management of your own choosing—at the Detroit plant, and you still would not be using your full capacity.

PLANTS NOT OPERATED AT CAPACITY

We have had evidence here in Detroit that Michigan's capacity, the capacity of the automobile industry and many other Michigan industries, hasn't been fully tapped. The production schedules are not short enough; the orders are not large enough. We had evidence yesterday from a group representing the Manufacturers' Association that a shell contract—to take a very tiny example in the defense effort—had been let to a concern in Indiana that was totally unprepared to handle the contract. The testimony was that a plant here in Michigan had tooled up for that work, that it had run an experimental order and was ready to start production, but that the Government gave the order to this plant in Indiana that had never made a shell. That plant was paying about half the wages that they were paying in Michigan, and although it may be true that the Indiana plant is going to lose a lot of money, the fact remains that Michigan is not going to get that business.

So, not excusing management for any of its sins, I think we have to proceed very carefully before saying management is falling down on nationl defense.

Mr. THOMAS. I think your viewpoint is sound. But going back to the tool and die situation, you asked me what, in my opinion, were the facts in the matter when management says there is a shortage of tool and die makers.

Mr. OSMERS. I think you answered that question satisfactorily.

SKILLED WORKERS PROTEST TRANSFER TO UNSKILLED JOBS

Mr. THOMAS. There is another point that comes to my mind. I know of one management in the city of Detroit, in the automobile industry, which had some tool and die makers. They had no tool and die work for them to do but they thought they might have some in the future. So they put those tool and die makers on a job of painting the plant. When a man is skilled in a trade, he just doesn't like to do anything else. I found out about it from the men, who came to me and protested because they had to paint. They were working 4 days a week when other tool and die makers were working 7 days a week and getting time and a half for overtime.

I find such practices prevalent throughout the industry. The manufacturers, when they consider it advantageous, will put skilled men to sweeping rather than working at their own trades, so they can hold on to them.

SENIORITY RIGHTS

I think we have a plan worked out now whereby those men can be interchanged and at the same time their seniority rights can be protected, but as I say, it has been only within the last couple of weeks that that has happened.

Mr. CURTIS. Would those men rather be released than made to sweep floors?

Mr. THOMAS. Certainly.

Mr. CURTIS. So they could go to another city and get defense work?

Mr. THOMAS. In some cases it is not even necessary to leave here to get other jobs. They can, in many instances, get jobs, but we run into this difficulty: In our contracts we have seniority set-ups, whereby if a man takes a job with some other company, he loses his seniority rights. That makes the man reluctant to leave.

Mr. OSMERS. Shouldn't those clauses be set aside during this emergency?

Mr. THOMAS. We are working out now a plan whereby a man's seniority will revert to the original plant.

The CHAIRMAN. Mr. Addes, these hearings are very informal, but we are still after the facts. We are a part of Congress, here, conducting these meetings. We are confronted with talk throughout the Nation that skilled workers are not available. Mr. Lovett, of the Manufacturers' Association, yesterday advanced the idea that if we are turning out steel, we should know how much steel the Army will need, how much the Navy will need, and other defense projects. Now, if we have half of that steel left, we should know where it should go. We should plan for equitable distribution.

NO SURVEY OF AVAILABILITY OF SKILLED WORKERS

With reference to your skilled workers, I would like to know if any survey has been made by the Federal Government or the State of Michigan as to the number of skilled workers, their skills, and their availability for transfer. We should have an inventory of the skilled and also the unskilled workers. Has there been any survey of such resources?

Mr. ADDES. As far as I know, there has been no survey such as that. There has been a survey of the skilled workers who are usually employed during the change-over of models. When an individual is laid off, he comes here to collect his unemployment insurance, and that is how the figures are obtained. But to my knowledge there has been no survey made of the workers to whom you have reference—those who have been transferred over to production, or of the workers who moved into production shortly after the depression and who still remain on production.

The CHAIRMAN. This committee went to San Diego earlier in the summer. At San Diego is located the Kearney Mesa housing project. That is a project of 3,000 units, designed to house 10,000 people. The man who took me around the project said: "We have all the workers we want except painters. We can't get any painters."

I live at Oakland, Calif. When I went back to Oakland, I found the employment service there had applications from hundreds of painters looking for jobs. We told the authorities about the need for painters at San Diego and the result was that they got all the painters they wanted.

Now, what I am trying to point out is there must be some gap somewhere. Because of the lack of a survey of the type I mention, employers don't know where they can get these skilled workers.

MANUFACTURERS RESIST LABOR SURVEYS

Mr. THOMAS. We have tried to make a survey, but we find great resistance on the part of the manufacturers, whose cooperation we need in such an attempt. I might say certain State groups have tried to make the same kind of survey, but they have always found the same resistance.

Mr. REUTHER. There is nothing that would be more revealing than the kind of survey that you have proposed, Congressman.

I think such a survey should be made not only so far as available labor supply is concerned, but also to ascertain the available machinery and floor space.

SUGGESTS SURVEY BY GOVERNMENT AGENCY

We have tried to conduct such a survey as President Thomas has indicated. We made a survey not only of the number of our members who are employed at present on skilled jobs, but also, in connection with the question which Mr. Addes raised, the number of reserve skilled workers we have in industry who are at present not employed at their particular skill. There is nothing that we would desire more than to have an official Government agency, like the United States Employment Service, conduct a thorough and detailed survey in that field. We claim there is no shortage. We claim that had such detailed planning been made months ago, we could have had a gradual transition from civilian production to defense production.

While it is true that management isn't at fault as far as these problems are concerned, there is a break-down in Washington on the part of administrative agencies that are releasing the defense contracts. And it is also true that industry has sufficient representation there to have at least proposed to Government the waiving of its business-as-usual prerogatives, so it would have dispensed with the construction of new streamlined cars, with all of their chrome and shiny metal parts. Industry could have dispensed with that, and immediately started releasing blueprints for the construction of tools and dies.

There was no shortage then, and there is no real shortage today. It can still be done. Business-as-usual methods could, in the long run, accomplish the construction of the tools for defense, but the time element is all-important.

Mr. Curtis. In your proposed survey, why wouldn't you include material?

Mr. Reuther. Very good. Make a survey of all that is available.

Mr. Osmers. Mr. Chairman, surveys have been attempted by unions or by State groups or by other bodies. In my judgment, the very first thing accomplished in the defense program should have been an inventory of every skill, of every machine, of every material, before we started, and we wouldn't be building motor plants in Chicago and giving shell orders to Indiana, where they never made a shell, or going into the cornfields where obviously there is going to be a shortage of tool and die workers.

This whole concept is wrong. But now we have got to make the best of what has been a very bad job. We are trying in our little corner of congressional work to cushion the shock—the shock to the human side of the picture. You can make up for loss of money; you can make up for the loss of a lot of other things; but if you destroy a man's home, destroy his family life, you can't make up for that.

It has been amazing to me. Yesterday we heard a man testify that private associations here and the defense contract service had to do work that was essentially Washington's job. We find that the contracts are let in Washington, apparently in response to the greatest amount of pressure or salesmanship that can be exerted in Washington, instead of by consulting the file and saying: "There is the State of Michigan. They can make these things better than anybody else, and that is the place where those orders are going."

WORKERS STILL EMPLOYED ON NONDEFENSE JOBS

Now, you say in your paper, Mr. Thomas, that——

> For the past few months as the world situation has become more and more critical, well over 200,000 tool and die makers have been operating the machine tools of the auto industry in producing the tools, dies, jigs, and fixtures necessary to the production of new model cars. Engineers, designers, and lay-out men have put their labor into making more luxurious cars. These critically important men have been devoting their full energies to the creation of more attractive automobiles; and from advance advertising, these automobiles appear to be very attractive indeed. But I fear they have been produced at the very high price of unemployment to automobile workers and slowdown to the national defense program.

You further say:

> In the interest of national defense, in the interest of economic security for automobile workers, immediate steps must be taken for the speedy transformation of the auto industry into a basic section of the American arsenal of democracy.

Now, concretely, what do you propose to have the Government do to make the change-over, to make the arsenal of democracy?

Mr. Thomas. Well, we made our proposal, as I said, and I think from what you have said, you and I could be very much in agreement on this. We made proposals over 8 months ago to the Government.

Mr. Osmers. Do you renew those proposals now?

Mr. Thomas. We renew those proposals.

PROPOSALS MADE TO O. P. M.

Mr. Arnold. I would like to interrupt for a moment. I would like to know who in Government is responsible for not taking this advice? To whom did you make the proposal?

Mr. THOMAS. To O. P. M.

Mr. ARNOLD. To whom in O. P. M.?

Mr. THOMAS. Mr. Knudsen especially. I had conferences with Mr. Knudsen myself, and many of these things I am saying to you I told him. My reaction was that O. P. M. had in mind "business as usual." I got those reactions from Mr. Knudsen himself. And I have found out that the resistance has not been broken down yet. We have found great resistance, in our effort to get the cooperation of the automobile and aircraft industries.

I don't think the average American realizes how closely those two industries are bound together. Most of the skilled workers in one industry have had the same sort of job in the other. Most of the directors in the automobile industry are also directors in the aviation industry. They have interlocking directorships, yet they have tried their best to keep the two industries completely apart. Why that is, I don't know. I don't know, but I have my own ideas.

They are thinking of keeping the industries apart after this national-defense program is over. These men want to make a profit from two industries, rather than from a joint industry. That is the only reason I know of.

Mr. ARNOLD. The responsibility on O. P. M. is jointly shared by Mr. Knudsen and Mr. Hillman. Isn't that so?

Mr. THOMAS. We brought it to the attention of Mr. Hillman, and Mr. Hillman agreed with us.

SHOULD NOT REPEAT EARLY MISTAKES

Mr. ARNOLD. As Congressman Osmers says, we have to make the best of a bad job, because of a bad start. We don't want to do anything now to delay this program, but it is my opinion that those in Government who are responsible for this 8 or 10 months' delay should not be allowed to make the same mistake over again.

Mr. THOMAS. Well, I certainly agree with you there.

Mr. OSMERS. I think that until more absolute and complete authority is granted to some of these individuals handling the problem, we are not even going to be able to fix responsibility.

Take the O. P. M., for instance. Referring to the O. P. M. is about like referring to a political party. It is so general you can't nail it down anywhere.

Mr. THOMAS. I read many editorials and newspapers from all over the country. They think labor has a great voice in our affairs. I have talked with manufacturers about the situation, and they say: "Well, you can do that in Washington, I can't."

I think one of the reasons for the bogging down of the situation in Washington today is that there hasn't been cooperation with labor in planning for our defense; labor has not been asked and has not been accepted. Labor knows the answer to many of these questions, and to some that industry itself doesn't know. Mr. Knudsen himself does not know the answer to some of these questions.

I think that was proved when we put out pamphlets months ago. I instructed Mr. Reuther, one of our international officers, to make a survey, which has been completed. If you were to read that survey today, and if Mr. Knudsen and others in Washington would read that survey today, they would admit that it would practically fill the bill if its findings were carried out.

A survey was made by another board member, Mr. Frankenstein, in the aviation industry, on skills and so forth. When it was brought out, we couldn't get anybody's attention focused on it. But today there are people who are willing to look into those plans, and in some cases they are starting to carry out the recommendations.

SUGGESTS CENTRAL PLANNING BOARD

I personally think that the plan proposed by President Murray, of the C. I. O., for a top planning board in Washington—a set-up headed by the President of the United States or his representative—can solve this problem. I also personally feel that it will not be solved in any other fashion.

Mr. Osmers. I want you to describe to the committee, in your own words, changes you would suggest in the Washington administration of the defense effort.

Mr. Thomas. I think if there are no changes, you are going to have a break-down, a complete break-down of the national-defense program.

Mr. Osmers. Am I correct in my understanding that you advocate centralized authority in some direct appointee of the President—shall we call him a "defense czar"?—I think that is the newspaper phrase now used.

Mr. Thomas. I can't be sold on the "czar" idea, because that is what we are fighting against.

Mr. Osmers. I am using it merely as an often-repeated newspaper term.

Mr. Thomas. I think there should be a more democratic set-up than there is today. I think the Army and Navy people are jamming things through.

Mr. Osmers. A charge was made here yesterday, Mr. Thomas, that the Army and the Navy had taken so much material off the market—supplies for years and years—that many of these nondefense industries had to close down because of a shortage of material. Has that been your information too?

Mr. Thomas. I don't know. I have no connection with that.

Mr. Osmers. No one seemed to know definitely about it. Have you been informed that they have huge supplies of materials laid aside?

Mr. Thomas. I have read that. But I have not been otherwise informed. I say I don't know. I don't know what the facts are in the case; but I do say this, that this country is in a fight; we are going "all out," as I understand it.

The Chairman. We are as close as we can get to actual war without being in it, I think.

QUESTIONS ARMY AND NAVY HANDLING OF DEFENSE ORDERS

Mr. Thomas. Yes; we are very close, closer than a lot of people realize. We are in a national-defense program to protect ourselves against dictatorships and Hitlerism. My impression of Washington is that we have a set-up in the Army and Navy that is just as dictatorial as any nation in the world today.

There has been absolutely no democracy, and I know that they have placed orders where there just seems to be no sense in placing them;

they have withheld orders when they shouldn't have been withheld, when this matter of employment and everything else is taken into consideration. There is a lot of buck-passing in Washington by people I talked to, and there just doesn't seem to be anybody who knows what to do about it.

Mr. OSMERS. We seem to come back to two things all the time, Mr. Thomas—not referring to your testimony especially, but to everyone's testimony with respect to the defense program. One is the crying, urgent, patriotic need of an inventory of everything that we have.

Mr. THOMAS. That is right.

Mr. OSMERS. And second, is some organization in Washington—we can call it by any name we want to call it—some organization in Washington that will take that inventory and convert it into defense for us.

Now, I am trying to find out from you and from every witness what that organization ought to be, what kind of organization it should be. We don't want to create just another board or bureau for the sake of creating another board or bureau. We know there is only one official in Government who has any control over the Army and Navy, and that is the Commander in Chief of the Army and Navy. It is either his problem or the problem of those to whom he has delegated the power, the Secretary of War or some other official to whom he might delegate that power.

We realize that if we vest power in someone over the Army and Navy, and that power isn't correlated with power over the rest of the economy, confusion will result.

Mr. THOMAS. That is correct.

Mr. OSMERS. So now we are getting back again to the word "czar." You want more "democratic procedure," to use the softer term that the chairman has suggested to me. But what is the answer?

COOPERATION OF MANAGEMENT, LABOR, AND GOVERNMENT REQUIRED

Mr. THOMAS. I still say that there should be a board set up, representing management and labor and government. At the head of the board, of course, should be the President of the United States, or his designated representative, as chairman.

Mr. OSMERS. Do you think that the so-called S. P. A. B., which the Vice President now heads, is the answer? I read the newspapers avidly too, and the newspapers read a great deal more authority into this Board than the Board seems to possess.

Is that the type of board, does it include representatives of the elements that you would like to have represented? It is appointed by the President.

S. P. A. B. SET-UP A STEP IN RIGHT DIRECTION

Mr. THOMAS. No. I think that Board has been a step in the right direction, but it is a long way yet from what I think a proper board should be.

Mr. OSMERS. Do you feel that Congress, as the direct representatives of the people, should specify by law what that board should be—not the names of those who should sit on it, but the various interests that should be represented?

Mr. THOMAS. Yes; I think they should.

Mr. Osmers. Do you feel that if Congress did it, it would have more general support among the people of the country?

Mr. Thomas. That is a very difficult question to answer. The President has more support today among the working class in many places, than Congress has as a whole.

Mr. Osmers. I am aware of that.

Mr. Thomas. For instance, if any Congressman who voted in favor of this last tax bill that was passed had gone out among the workingmen, he would have found how much influence Congress has; but I still think that Congress should set up some board. I know under the present set-up in Washington that thousands of representatives of big business are being brought into government there, with authority, and they are running the show. I was a young man in the last war, but I was old enough to know something about it, and I read of the congressional investigations afterward, and I am afraid the same thing is happening today.

Mr. Osmers. I am sure it is.

DEMANDS LABOR REPRESENTATION

Mr. Thomas. That is, representatives are not representing the people of this country; they are representing their own interests; and until representatives of the working people are given some authority in this matter, that will never be stopped. Individual businessmen are going to do the same thing they did in the last war.

Mr. Osmers. That is a restatement of the thought that a change is needed, but it is of no help to us in arriving at exactly what the change should be. You have made a general statement that the workingman must be represented. But how should he be represented? Who shall appoint the board, and what authority shall it have?

You say that a lot of individuals have authority. One of our functions as Members of Congress is to act as go-betweens, so to speak, between our constituents and the Federal Government. But I will admit, as a Member of Congress I can't get a "yes" or "no" answer. I am not looking for favorable answers on everything, but I can't get any kind of answer.

Mr. Thomas. It seems to me I was clear in my answer. I will try to restate it; I will be very frank about it. I would like to give an example first.

Mr. Knudsen was called into Washington and given a lot of power, and I think in many cases he has failed. Mr. Knudsen represents a company which employs about a quarter of a million people—250,000 people who are in our organization, and I am the president of that organization, with considerably more people involved. If I understand government, government is the people; that is, if the Constitution still prevails.

Mr. Osmers. There is some question about that.

Mr. Thomas. Well, I say, if it still prevails.

Mr. Osmers. I didn't appoint Mr. Knudsen, so that lets me out.

Mr. Thomas. And I think I want to say for the record, so nobody will have any mistaken ideas, that I am not here for the purpose of castigating Mr. Knudsen. I think he is just about as good as any of the other heads of industry.

Mr. Osmers. That is a heavily qualified statement.

Mr. Thomas. Well, there are some we get along with better than others. That is the reason I qualified my statement. But what I mean is, I don't want anybody to get the idea that I am here to talk against Mr. Knudsen. I have simply used him as an example.

Mr. Osmers. We don't want you to talk against anybody. We want you to talk for the purpose of getting an answer to our problem.

Mr. Thomas. In Washington, business interests have been called in. Those men cannot represent the interests of the people of this country. I think if labor is called in, and given equal authority—and I don't mean by that boards set up to represent industry with a banker and a couple of his colleagues. In that way you always get outvoted, jerrymandered around. Labor should have equal representation with industry. Then the problem could be solved.

Mr. Osmers. Just a moment, Mr. Thomas. It was my understanding, and it still is, that Mr. Hillman has absolutely equal authority with Mr. Knudsen—to such an extent that one of our very popular magazines always puts the two names together, Knudsen and Hillman, without any division, indicating that they are a sort of two-headed animal.

Now, either Mr. Hillman doesn't have equal authority with Mr. Knudsen, or he does. I realize, and I think every competent observer of the Washington scene would agree, that there are three groups tussling for power behind the scenes: Business, labor, and Government. They are engaged, sometimes even to the detriment of national defense, in a struggle to control this defense area. Which one happens to be in the lead at the moment, I don't know.

Mr. Thomas. Even though it is said that Mr. Knudsen and Mr. Hillman have equal power—and maybe they have——

Mr. Osmers. That was the President's clear explanation of the set-up.

Mr. Thomas. But you also have a committee set-up there—this new committee—and Mr. Hillman is only one man.

Mr. Osmers. Right.

Mr. Thomas. And I am afraid that the Army and Navy representatives are much closer to the representatives of industry than they are to the labor representatives. I know that to be a fact. It is quite obvious. Everybody knows that retired officers of the Navy can get jobs at the Bethelehem Steel Co. if they want them. There is a close tie-up there, and that may be the reason Bethlehem Steel gets so many orders. I don't know. I am just saying that that may be one of the questions to be settled.

Mr. Arnold. I want to make sure, Mr. Thomas, that you are not prejudiced against captains of industry. I don't want to have testimony here like we had on the floor of the House one day. A Republican Member was castigating Harry Hopkins. I have always been pretty much of an admirer of Harry Hopkins. But he had me believing a little bit about what he was saying, until someone said: "Well, Harry Hopkins is about the most inefficient man in Government, isn't he?"

The reply was: "No. The President of the United States is more so."

Mr. Osmers. I am not going to argue that point, Mr. Arnold.

Mr. THOMAS. To try to prove to you that I am not prejudiced in that fashion, let me remind you that it has only been a few months ago that our organization was in a terrific organizational campaign in the Ford Motor Co. I thought the Ford Motor Co. was one of the most backward organizations in our industry. But I would like to say today that in my opinion the Ford Motor Co. has been the most forward company, as far as their planning of this situation is concerned, and that their policy has changed 100 percent.

RECOMMENDATIONS MADE LAST NOVEMBER

Mr. ARNOLD. I would like to get back to the charge you make, that last November you called to the attention of officials of Government the fact that there should then have been started a change-over in existing facilities in the automobile industry for the purpose of making airplanes and producing materials of war. The 8 or 10 months since then have been very important months. They might even determine whether we have eventually to get into this war.

Mr. THOMAS. That is correct.

Mr. ARNOLD. Now, I want to know if you called this to the attention of officials who had the power then to make that change-over.

Mr. THOMAS. I met with Mr. Hillman and Mr. Knudsen.

Mr. ARNOLD. And you think they had that power?

Mr. THOMAS. Yes, I do.

Mr. ARNOLD. And they didn't do it?

Mr. REUTHER. And it was also called to the attention of the President.

Mr. THOMAS. It was called to the attention of the President of the United States by Mr. Murray.

NEED FOR INVENTORY OF MATERIAL AND RESOURCES

The CHAIRMAN. Mr. Thomas, the problem that we are discussing is a vast and interesting one. I shall take back to Washington the thought, among others, that we need an inventory of skills and materials and of the various resources of our country. We may not be able to do very much until we have such an inventory. We should know how much of these materials should go to the Army, how much should be allocated to the Navy, and what the surplus is. And perhaps most important is the inventory of labor, skilled and unskilled.

Mr. THOMAS. There is no question about that.

Mr. REUTHER. On the question of setting up a new agency in Washington, with labor, management, and Government representation, I doubt very much whether the establishment of any single agency in Washington, administered from Washington, will be successful.

SUBCOMMITTEES FOR EVERY MAJOR INDUSTRY

This entire job, as it relates to the basic industries in America, involves the fundamental requirement that labor has recognized all through this 10-month period, and that is the establishment, for every major industry, of subcommittees that will deal with the specific problems in steel, aluminum, and so forth.

It was only a few weeks ago that O. P. M. took the initiative to call together management, labor, and Government representatives, to deal with one particular problem as relates to the automobile industry—the question of transfers, and the avoidance of dislocation of labor.

No one better understands the problems of the auto industry than the people who build the automobiles and the management that owns and represents ownership of the automobile companies. Why shouldn't we establish in the auto industry a committee of labor, management, and Government, that will use the figures to be revealed through such a survey? That committee could discuss where dislocations are occurring, where there are available supplies of machinery and of plant space and labor, and see to it that the agencies in Washington that are going to release the contracts are adequately informed. This body also will know and understand how to handle the problems created by the pressure groups and by those who would adhere to business-as-usual practices; it would do away with abuses through personal relationships between the Ordnance Department and representatives of corporations whereby decisions are made as to where contracts should be released. Let us do all this on the basis of facts that will be revealed from the survey.

Mr. Osmers. I think, Mr. Reuther, there is a great deal in what you have to say there. We have got to bring order out of chaos, and I don't know how you are going to do it unless you have representatives of all concerned. We don't want to be top-heavy, or weighted one way or the other. If that occurs we will defeat the very purpose we set out to accomplish.

Mr. Thomas. That is correct.

Mr. Osmers. Mr. Thomas, how many members does your union have?

UNION HAS 556,000 MEMBERS

Mr. Thomas. We have around 700,000 people under contract. Our paid membership runs around, I think, 556,000.

Mr. Osmers. How many of those are in Michigan?

Mr. Thomas. Between 250,000 and 300,000.

Mr. Osmers. And how many of them will be affected by the curtailment of automobile production?

Mr. Thomas. Better than 200,000.

Mr. Osmers. Is that the total number to be affected?

Mr. Thomas. Maybe I misunderstood your question.

Mr. Osmers. How many of your members, all over the country, will be affected by the curtailment of auto production?

Mr. Thomas. The cut will be close to 50 percent, and I figure that practically 50 percent of our membership will be affected.

STUDY OF FOUR-SHIFT PLAN

Mr. Osmers. Now, has your union made a study of the four-shift idea, the idea of maximizing the effort and minimizing the man-hours lost?

Mr. Thomas. We have, and we are working on it now.

Mr. Osmers. Does it look as though that plan is going to get a favorable verdict?

Mr. Thomas. There is that possibility.

Mr. OSMERS. We are very much interested in those people who for years have come to Michigan for the purpose of working during the season, and then returning to their former places of abode. In the past, before the defense emergency, a great majority of these out-of-State people could be counted on to return when they were needed in the new-model season. Now, do you think that in the course of any new unemployment period, your membership can be expected to remain in Michigan, and if not, do you think they can be counted on to return when defense work does open up full blast?

In other words, how many will you lose during the unemployment period, and how many will come back after the unemployment period has tapered off?

FEW MIGRATORY WORKERS IN AUTOMOBILE INDUSTRY

Mr. THOMAS. We don't have very many migratory workers in our organization.

Mr. OSMERS. They are not an important factor in it?

Mr. THOMAS. They are not an important factor in our organization at all.

Mr. OSMERS. Have you made any estimate of the number of workers who are readily transferable to defense jobs—that is, without further training?

Mr. ADDES. Approximately 50 percent of them would not require any training.

Mr. OSMERS. Are you satisfied in general with the present training programs that have been established? Do you feel that they are adequate?

PRESENT TRAINING PROGRAMS INADEQUATE

Mr. REUTHER. The present training program is by no means adequate, in view of the tremendous curtailments that are going to take place.

It is true that we have been able to recruit a considerable number of our own membership and enroll them in the vocational training programs through the board of education, but their facilities are now exhausted, and the training-within-industry program has got to be developed to a much larger extent. It must deal in terms of training of 50,000 or 60,000 or 100,000 individuals for specialized jobs in defense production.

Mr. OSMERS. That answers the question I was going to ask with respect to which of the two, three, or four programs that are going on is the one that would be most adaptable for enlargement. You think it is the training-within-industry program?

Mr. REUTHER. Definitely, because they have the equipment there; they have the machinery, and that is the thing that the Board of Education lacks at the present time.

Mr. THOMAS. While we are discussing this phase of it, there is one thing I might bring to your attention.

TRAINING PROGRAMS AND PLANT LOCATION

This point I brought up originally on the building of that Buick plant in Chicago. The Government is spending thousands of dollars there to break in trainees in that particular plant. Had that plant been built in Flint, or available facilities in Flint used, it would have been unnecessary to spend that money for a training program.

Mr. Osmers. You mean that we are training men in Chicago to perform work which could be done by already trained men in Flint, while at the same time these Michigan workers are losing jobs?

Mr. Thomas. That is so.

Mr. Osmers. That doesn't seem to make sense.

Mr. Thomas. Not only that; they are moving machinery out of Flint to Chicago—moving it away from the men.

Mr. Osmers. That makes even less sense. Do you think the present benefit provisions of the unemployment compensation system are adequate to meet the situation now arising?

PRIORITY UNEMPLOYMENT

Mr. Thomas. No; I don't. Regardless of what plan you put into effect, there is no question but what we are going to have here what is known as priorities unemployment.

It is my personal opinion that in this city, for those who are suffering priorities unemployment and who expect some time within the next six months to a year to go on national-defense work, there should be unemployment-compensation provisions to make the weekly amount higher and to stretch out the period of payments.

Mr. Osmers. You were not here yesterday when I questioned several witnesses about a bill that I have been working on for some time. I shall probably introduce it to Congress if it gets a clean bill of health from people who know most about those things.

My proposal has two angles. One applies to the period after the defense emergency, when we know that we may have a year or two of prosperity, and following that a very hard depression.

It was my thought that we should extend the period of unemployment compensation to at least 26 weeks, if not longer, and that we should increase and make more uniform the rates of weekly payment.

In general, would you say that that is a healthy proposal, a proposal in the right direction?

Mr. Thomas. I would say that it is certainly very fine.

Mr. Osmers. If the rates of taxation were increased, as they probably would be to make the program effective, do you feel that such increase might have, shall we say, an effect of controlling inflation, by laying aside a little bit more of the worker's envelope each week, which, of course, would be to his credit in the fund?

Mr. Thomas. I will answer "Yes" to the question, but I would like to answer something further than that. Again I want to bring up this last tax bill.

I think the worker was hit pretty hard in that bill.

Mr. Osmers. Because of the lowering of the exemptions, Mr. Thomas?

Mr. THOMAS. That is correct—lowering the exemptions and failure to increase commensurately the tax bill for the manufacturer, for industry.

Mr. OSMERS. Those rates are so confusing, even to the ones who have studied them, that it is almost impossible to know what the effect will be until after they have gone into operation.

The CHAIRMAN. I am afraid if we enter into a debate as to the wisdom of the tax bill, we will be here for about 40 years.

Mr. OSMERS. And then not know whether it was wise.

Mr. ADDES. I would like to put forth another suggestion, since you are contemplating introducing a bill that is going to move in the right direction as we see it.

SUGGESTS DEBT MORATORIUM DURING PRIORITY UNEMPLOYMENT

I think another bill ought to be introduced. It ought to be done very rapidly. And that is a moratorium on rents, automobile payments, refrigerator payments, et cetera, for workers who are affected by these priorities. Ordinarily, when a man purchases a home, for example, and becomes unemployed because of priority unemployment, his payments don't stop; they continue, rents, automobile payments, refrigerator payments, radio payments, et cetera. Those payments must be met on a monthly or semimonthly or weekly basis, and a man who becomes unemployed in this manner should be protected by a law adopted by Congress, setting aside these interim obligations until such time as he regains employment in national-defense industry.

Mr. OSMERS. Would you say, Mr. Addes, that the form of that legislation should follow in general the legislation that grants relief to a man who is put in the Army under selective service?

Mr. ADDES. I think it ought to be much stronger.

Mr. OSMERS. How would you justify making it stronger, considering the difference between the pay of the selectee and that of the man in industry?

Mr. ADDES. I think the moratorium in effect under the Selective Service Act is inadequate.

WORKERS MISLED BY REPORTS OF LABOR SHORTAGES

Mr. THOMAS. There is something we should point out to you. Last year, during the last model in the automobile industry, the workers had been told that they were going to have a very prosperous future; that there was going to be a shortage of labor. Those stories came out of government. The men were told there was going to be all kinds of shortages of labor, and as a result, those workers who are usually quite cautious about their buying have been misled. The average man doesn't go out and buy something that he knows he isn't going to be able to pay for. But because of these stories, a great number of our workers bought new automobiles, new furniture, radios, and washing machines. They were looking forward to this period of prosperity.

Now they have waked up to the fact that the ground has been cut out from under them, and many of them, unless something is done, are going to lose the things they bought. That is not going to help the economy of the country, as I see it.

Mr. OSMERS. I think definitely if the Government is going to displace men purely through the priorities route, or shall I say the lack of materials under the priorities arrangement, some adjustment will have to be made. Here the Government is coming in and upsetting the economy and putting a man out of work.

I understand in Buffalo there was a relatively small number displaced—I am speaking of automobile workers in that city—but even under the favorable circumstances existing in Buffalo, where there is an expanding aircraft industry, only a little over a third of your members found employment.

Mr. THOMAS. That is correct.

BUFFALO PLAN

Mr. OSMERS. How do you expect the Buffalo plan will work out when applied to the Michigan situation?

Mr. THOMAS. I personally think the Buffalo plan is a very fine plan which, if put into operation, would also work in Detroit. But I am beginning to wonder if the manufacturers—and I have got my fingers crossed—even though they said they will go along with the Buffalo plan, I am wondering if the manufacturers really would do so if a larger number of people were unemployed.

Mr. ADDES. When the Buffalo plan was worked out, a group of manufacturers got together and agreed. But some did and some didn't agree to absorb these people who were qualified to work on national-defense projects.

We have a program here that has been worked out between management and labor. Management didn't wholly accept it but O. P. M. finally put it as an order, and with this supplement to the Buffalo plan, I believe that the arrangement can be worked out here very well—provided, however, that management will cooperate.

I don't know whether you have seen the five points that have been put into effect by O. P. M. as a result of a meeting with management.

Mr. OSMERS. That was done in a recent conference?

Mr. ADDES. Yes.

Mr. OSMERS. I wish you would give us a copy of it for our record.[1]

How many of your workers, Mr. Thomas, have been trained on the job for defense work?

Mr. REUTHER. It is very difficult to answer that because so many corporations have their own training plan.

TRAINEES STILL WAITING FOR DEFENSE JOBS

Mr. OSMERS. How many of your members, if any, have been trained for defense work and are still waiting to be transferred from nondefense work to the defense work? Is there any considerable number?

Mr. THOMAS. No.

Mr. ADDES. Yes. I would say in certain plants there are large numbers of men who are awaiting assignment in the defense jobs.

Mr. OSMERS. You wouldn't be able to give us an exact or approximate number, Mr. Addes?

Mr. ADDES. No; it is difficult to do that; but I know of two or three plants where the expansion in national defense has not been made rapidly enough to absorb those who have already been trained.

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[1] See pp. 7495–7496.

Mr. REUTHER. It was difficult to anticipate just where the curtailment would hit hardest until the December figures were given to us, but on the basis of those, we now know in Briggs and Ternstedt and in other plants, exactly how many workers will be affected, and there we are endeavoring to enroll those workers who will be affected immediately, even before the lay-off, in a training program.

Mr. THOMAS. I said, "No" to your question and the other boys said "Yes." I want to explain that to you.

There have been large groups trained, but because of the way you put the question, I was figuring on a percentage basis of our total membership. It wouldn't amount to over 1 or 2 percent of the total membership.

Mr. REUTHER. I understand there have been approximately 30,000 trained in the city of Detroit through the vocational defense training plants, and I believe we are very conservative in estimating at least 20,000 of those trainees were recruited from our organization and referred to the Board of Education.

Mr. OSMERS. I think that is a tribute to your organization—taking the lead in that question.

U. A. W. POSITION ON PAY FOR TRAINEES

Has the U. A. W. taken any position on the question of pay for trainees while in training?

Mr. THOMAS. We have been negotiating with each corporation. What we have been trying to negotiate is full pay for trainees. In many cases that has not been accomplished; in some cases it has. Our position has been for full pay.

Mr. CURTIS. I was interested in your illustration of the factory that was placed at Chicago when, as you suggested, it should have been located at Flint.

OPPOSES DECENTRALIZATION

Do you favor a program to decentralize the entire defense activity and carry some of it out to agricultural and rural areas?

Mr. THOMAS. The way it is going, I think it is just about the silliest thing that I have run up against.

Mr. CURTIS. What is?—the centralization or the agitation for decentralization?

Mr. THOMAS. Putting large plants out in corn fields or in sandy deserts is silly. It is just ridiculous, in my opinion.

Mr. CURTIS. In other words, you do not favor any of this agitation for further decentralization?

Mr. THOMAS. That is correct.

AGRICULTURAL REPRESENTATION

Mr. CURTIS. Now, on this board that you suggest, of labor, management, and government, would you give agriculture a representative?

Mr. THOMAS. In industrial production agriculture should not have any representative. Where farmers are involved, they should have a board of their own, on which industry and labor would not be represented.

Mr. CURTIS. Well, they have got more boards now than they have farmers, but I refer to this super board that runs the show.

Mr. THOMAS. Oh, certainly; I certainly do. The farmer should be represented there.

DISCUSS DEBT MORATORIUM

Mr. CURTIS. In reference to the moratorium that you suggested, would you confine that moratorium merely to the industrial worker, or would you extend it to the businessman himself, the retailer—and he is scattered the length and breadth of the country—who will be no longer in business because he cannot get materials? Are you going to give him a moratorium against his debts, including his wholesale bills?

Mr. ADDES. To be perfectly frank with you, I have never looked at it from that angle. I was primarily interested in the workingman.

Mr. CURTIS. Would you extend it to the farmers when it doesn't rain?

Mr. THOMAS. I was speaking of "priorities unemployment." When it doesn't rain, I don't think we can blame that on the Government.

Mr. CURTIS. Well, but we do.

Mr. ARNOLD. Some people do.

Mr. CURTIS. It swings lots of elections. But would you extend your moratorium to the businessman himself, the retailer particularly?

Mr. THOMAS. I think you would have to do so, for the retailer particularly.

Mr. CURTIS. And his individual salesmen as well?

Mr. THOMAS. That is correct.

Mr. CURTIS. I am thinking of many automobile agencies that are out in areas where there is no chance to transfer to any defense activities. They will just be closed up. But you are going to need them, you are going to need that system to distribute your products when you go back to automobile production.

INCREASED PROFITS TO AUTOMOBILE WORKERS

Mr. WISHART. As you may know, prices on cars are being increased this year, not only the manufacturer's price, but the dealer's price, through his reduction in the allowance on second-hand cars. That means that the dealer's discount or profit on a single car sale will be increased. Under the curtailment, the total number of cars sold will be considerably smaller than last year. At the same time, the profit per car being higher, many dealers will be able to make out on that basis.

Mr. CURTIS. But the extra profit is not sufficient to take care of them.

Mr. WISHART. It is hard to estimate exactly, but according to Ward's Report, showing the actual price increase to the average purchaser of a car will amount to about $200 or $250, making allowance for the reduction in your trade-in value on a second-hand car. I should say there is going to be adequate provision for the dealer himself.

SALESMEN AFFECTED BY AUTOMOBILE CURTAILMENT

Now, for the automobile salesmen you might find the situation somewhat different, because the necessity of the salesmen will be considerably reduced by large buying power, met by comparatively small power to produce automobiles; so I think the problem there does not involve the retailer, but his employees, and I certainly believe that some provision should be made to transfer these men to jobs which will allow them to maintain their position in our economic set-up.

Mr. THOMAS. The automobile salesmen will perhaps be hit hardest or as hard, as any other group in the country. There is going to be such a demand for automobiles that the retailers won't need any salesmen.

The CHAIRMAN. With reference to the moratorium on debts of retailers and employees and one thing and another, I assume you are not taking as a precedent the moratorium that was placed on the debts of foreign governments following the first World War.

Mr. THOMAS. We are not asking that our debts be canceled permanently; we are not asking Congress to scale our debts down. All we are asking is time to pay them.

The CHAIRMAN. The Frazier-Lemke bill on real-estate mortgages was based on that premise, was it not?

Mr. THOMAS. Yes.

FURTHER SUGGESTIONS FOR DEBT MORATORIUM

Mr. REISINGER. I think the moratorium should extend to all of those who are affected by priorities unemployment. If our workers in the automotive plants lose their jobs, that unemployment in turn affects others, the salesmen in the field, the small retail stores.

For instance, in Flint, which is strictly an automotive town, if the large percentage of those people can't purchase, it must make a problem for the retail stores there.

I think consideration should be given to the businessman. I think this matter of moratorium is very important to the whole set-up of defense. Morale in our country is all-important in time of emergency, just as it is in the Army or the Navy. I think if we have this unemployment, people will begin to lose their morale if they are faced with a lot of debts and foreclosures on their homes and other purchases.

Mr. CURTIS. I have no further questions, but I have this request to make of you gentlemen: If in your work and your research you should happen to find who is in charge of the defense program at Washington, or any detailed part thereof, I will be glad to know it.

Mr. THOMAS. And if you find out, will you let us know also?

Mr. CURTIS. I was sent around from 1 department to another on about 12 different errands 1 day, and it ended up with the last fellow suggesting that I make the inquiry of my local chamber of commerce. It so happened that that was where I got the original inquiry.

UNDEREMPLOYMENT ON DEFENSE CONTRACTS

Mr. ADDES. Let me go back one moment to the question of labor shortage. It has been said that there is a labor shortage on the one hand, and on the other hand it has been stated that there is a great volume of contracts. But the direct effect of these contracts on actual employment is often exaggerated. For instance in General Motors, out of some 210,000 employees, there are only approximately 45,000 working on national-defense production at the present time, which I think is interesting in the light of the ballyhoo, or the propaganda, I should say, that is emanating out of some agencies from which the daily press carries statements that there is a shortage in labor.

Management has made that statement, and these same agencies are carrying on the propaganda that there is a great deal of national-defense work left to be done; yet you find a corporation as mighty as General Motors with only 45,000 people employed on national defense.

Mr. THOMAS. I filed a brief or statement with the committee. I have an additional statement on what is happening to housing here, from the point of view of a student of migration. Will it be permissible to file that with the committee later?

The CHAIRMAN. Mr. Thomas, our record will be held open for at least a couple of weeks. If there is something that occurs to anyone in this panel, supplemental to what has been testified or brought out in the hearing, we will welcome such information as a part of the record.

Mr. ARNOLD. I just can't let one or two statements go unchallenged. I was going to say to Congressman Curtis that we Democrats don't have any trouble getting all kinds of information in Washington.

Mr. OSMERS. What do you mean by "all kinds"—good and bad?

Mr. ARNOLD. I was going to ask a question of Mr. Thomas, in view of the fact that he is opposed to the decentralization of defense industries. I come from Illinois, and I haven't said anything about the Chicago plant. I live farther down in the State. But I have in mind the big shell and bomb loading plant being constructed at Herrin, drawing upon an area of about five counties. Those counties have been heavy coal producers, but the coal is mined out. As a result, there have been some 30,000 unemployed there ever since 1930. This shell and bomb loading plant was placed there to employ those men. Otherwise they never would have been employed unless they migrated to some other State, and that is what this committee is trying to prevent.

Now, would you still say, in view of that, that these plants should be centralized and further congested in the areas you speak of?

SHOULD LOCATE PLANTS WHERE LABOR IS AVAILABLE

Mr. THOMAS. No, no. I don't want my statement misunderstood. I said people who do the kind of work that is done in our particular industry should not be forced to move to some little jerkwater town in Oklahoma.

Mr. OSMERS. Or a little jerkwater town in Nebraska.

Mr. THOMAS. In the particular situation you are talking about, you have an unemployment problem there. It is necessary, as you said, for those people to have some kind of work, and this plant you mention is not for the purpose of curing priority unemployment. It is a new kind of work altogether.

Mr. ARNOLD. In other words, you would say industries in that classification should be dispersed and placed in areas that have unemployment. You would apply this to industries that do not require special skills?

Mr. THOMAS. Yes; and not only that, but also industries that don't require the importation of people into the area. The industry you are talking about will not need to import people.

Mr. ARNOLD. But you think the building of airplanes should be further concentrated in areas where the skilled labor is already available?

Mr. THOMAS. Yes.

Mr. ARNOLD. Well, I don't object to that.

The CHAIRMAN. I want to say to you gentlemen that we hope we have not given you the impression of trying to curtail your discussion. But we have a heavy schedule, and we have to get back to Washington to save the Nation. We have that problem on our shoulders.

We want to thank you very much for your valuable presentation here today, and if there is anything else you care to put in the record, you may forward it to the committee in Washington.

Mr. THOMAS. And we thank you for the courteous hearing we have had, Mr. Chairman.

The CHAIRMAN. Commander Eade is our next witness.

TESTIMONY OF LT. COMDR. WALTER F. EADE, UNITED STATES NAVAL RESERVE, INSPECTOR OF NAVAL AIRCRAFT, UNITED STATES NAVY, DETROIT, MICH.

The CHAIRMAN. Commander Eade, will you take the seat there? Congressman Arnold will interrogate you.

We appreciate your coming here very much.

Mr. ARNOLD. Will you state your name for the committee, and the capacity in which you appear here?

Commander EADE. Lt. Comdr. Walter F. Eade, United States Naval Reserve, inspector of naval aircraft in Detroit.

Mr. ARNOLD. You have submitted a statement, Commander Eade, that will go into the record in full.

(The statement referred to above is as follows:)

STATEMENT BY LT. COMDR. WALTER F. EADE, UNITED STATES NAVAL RESERVE, INSPECTOR OF NAVAL AIRCRAFT, UNITED STATES NAVY

The defense program in its enlarged scale has created many problems having to do with both manpower and materials. Some of these problems are extremely difficult to deal with easily, particularly that of manpower. In the case of material, the problem is of vast proportion but has one advantage, namely that the "capacity of production" is tangible. The disposition of the materials of this production capacity, although a tangible factor also, becomes much more difficult to adjust to defense needs than that of production because of the displacements of manpower required from nondefense to defense work.

Productive capacity, with respect to basic materials required for defense work, has been stepped up materially by a corresponding step-up in plant capacity, that is to say a plant operating formerly at 50-percent capacity steps up to 100-percent capacity with the attendant increase in man-hours. To implement this step-up further required an addition of both manpower and plant facilities.

How to acquire the addition of manpower becomes a problem of transition of available labor from nondefense to defense work with the least disruption to invested capital in nondefense production. The curtailment of certain nondefense production can supply manpower direct to defense production in specific fields as in the manufacture of tanks, ships, machine tools, jigs, and fixtures and probably a large amount of ordnance material.

The above transition should be accomplished with the least disruption to those nondefense manufacturers who have the type of labor and have been producing durable goods of similar nature to defense requirements, as referred to above. Attention should be drawn to the fact that in certain manufacturing centers where these durable goods are produced there will appear very little migration of workers.

Cognizance should be taken, however, to the need for orderly curtailment of nondefense production whereby manpower can be shifted in direct proportion to curtailment of the use of basic materials which are needed for defense production. In other words, "a tapering off of nondefense production and tapering on of defense production commensurate with the requirements of materials and facilities." The correlation of these factors is of prime importance to both labor and the materials question.

FACTORS IN SUPPLYING AIRCRAFT LABOR NEEDS

In the case of supplying the labor demands for accelerating production of aircraft, aircraft accessories and the like, except aircraft engines, the problem becomes one which is extremely difficult. The problem, as a general one, contains several factors, among which are:

(*a*) The lack of nondefense labor market from which to draw qualified personnel.

(*b*) That aircraft production facilities in most instances are not located in areas of large labor markets.

(*c*) That by virtue of (*a*) above labor must be trained.

(*d*) That by virtue of (*b*) above migration of potential labor must result.

One vital deficiency factor appears obvious from the above, to wit: That such labor as is or could be made available by curtailment of nondefense production cannot, by a large percentage, be either migrated or shifted to aircraft production without being put through a training period. A minimum training period of 3 months appears necessary before this group of workers is sufficiently indoctrinated to place them in the production line.

Again, cognizance must be taken of the curtailment of nondefense commensurate with a step-up in aircraft defense production to the end that an orderly process may result. Correlation of the curtailment of nondefense work as to materials available, training period requirement for aircraft workers, and the rate of absorption of these trainees into aircraft production together with availability of materials and plant facilities, must be made if a labor disruption is to be avoided.

Experienced aircraft workers have been in the past migratory to a large extent, moving about with the allocation of contracts by the services, and in later years due to an impetus in commercial aviation. The transition of nondefense industries to defense aircraft production creates the need for experienced key personnel. Such personnel can only be requisitioned from the old line aircraft manufacturers. Migration must necessarily follow in that an infiltration of experienced workers must be made available to assist in directing these nondefense industries to get under way, thereby accelerating the much needed aircraft program.

Aircraft production may be compared to automobile production within very narrow limits. Except for the difference in materials used, punch presses, dies (blanking and forming) are identical operations applied to sheet stock. The finishing of forgings and castings is more closely allied to the rquirements of automobile engine parts. Due to the need for holding down weight in aircraft construction, thus utilizing the material to its ultimate strength-weight ratio, the required workmanship is more meticulous. This applies to all faying surfaces designed for motion, such as parts of the control system, landing gears, wing attaching bolt fittings, most of which are highly stressed forgings of steel or aluminum alloys.

In this connection both men and machines must be capable; the machinist must work to closer limits and the machine must be satisfactory for the finer work. Automotive experienced personnel can be adapted to this type of work, with very little if any training. However, the body worker in general must be trained in the handling of both materials and tools applicable to the aircraft type of work.

BREAK-DOWN OF WORK IN AIRCRAFT MANUFACTURE

Some idea of the break-down of the classifications of work in the aircraft labor field is indicated by the following classes:

(*a*) Sheet stock, cutting and forming: Press work (mechanical dies), hand work (hand forming over wood forms), routing (cutting by machine routers), blanking (cutting by dies).

(*b*) Forgings, castings: Machine work, high grade.

(*c*) Fabrication: Riveting (by machine riveters), riveting (by hand tools).

(*d*) Special processes: Heat treatment (very rigid control) finishes, paints, spraying.

(*e*) Fabric: Application of fabric preliminary preparation of fabric for painting (doping).

Classes: (*a*) Training insofar as more care in handling materials for aircraft than in automotive; (*b*) greater accuracy in machine finishing; (*c*) requires extensive training in the handling of all tools required; (*d*) requires extremely close supervision and general instructions; (*e*) application of fabric requires some skill (women are best suited for this work and can be trained quickly).

(NOTE.—All finishing requires trained personnel.)

One of the factors causing delays in aircraft production is basic design. The underlying reason being that those airplanes for which production is desired are for the most part not entirely adaptable to mass production as the automotive field views the problem. In addition, the subcontractor as the automotive field becomes in general, finds the need for creating changes in design to make certain parts adaptable to mass production, such changes should be welcome.

Changes in design brought about by studies from actual combat sometimes are of absolute necessity, whereas improvements of a general nature may be incorporated with slight delays of production to the present types, thus permitting a certain frozen production standard. Changes of absolute necessity, such as armament equipment usually result in a modified design and may become serious factors retarding the acceleration of the mass production program.

Another inevitable delay in getting under way is the interim required between the time a design is frozen and production due to the tooling time requirement. Along with this tooling time it should be noted that mass production for aircraft, comparable to automotive production, requires a finer break-down of subassembly operations with its attendant increase in jigs and fixtures.

Although the subject of design changes is controversial as to where to stop, the automotive field is concerned only with conditions bearing on volume production. Again the automotive industry requires, as in their automobile production, rigid time schedules and the stabilizing or freezing personnel to fixed duties. These requirements cannot be attained under constant changes in design except as minor changes are dictated by production methods and wherein such changes are not altering the strength factor.

Since it is admitted that skilled labor is not available, the reservoir of persons "able and willing" must come from nondefense production and to a large measure must be trained. True it is that schools of one sort or another have been set up to train aircraft workers, but such training must be implemented by additional training on the type of work for which the person will be assigned.

In conclusion, it can be said that practically all mistakes made in the production line-up are due to inadequate familiarization with the seriousness of such mistakes and inadequate training of personnel.

TESTIMONY OF LT. COMDR. WALTER F. EADE—Resumed

Mr. ARNOLD. In what basic respect does aircraft production differ from ordnance or automobile production? I realize that is a double-barreled question.

TWO CATEGORIES OF AIRCRAFT PRODUCTION

Commander EADE. Aircraft production divides itself into probably two distinct categories.

In the first place the aircraft division handling the power plant and machineable accessories is comparable in a large measure to the automobile engine or machine products department; whereas the fabrication of the major portion of the airplane—the wings, the tail surface and body—is not comparable to body construction for automobiles, nor any phase of it.

Mr. ARNOLD. Can you tell me to what extent acceleration of the aircraft production program in the Detroit area has caused an influx of workers?

Commander EADE. I can't answer that question with figures. I do not have any information available.

However, there has been some influx of aircraft people from other plants, i. e., other old line companies.

That applies to the Briggs Manufacturing Co., the Murray Body Co., and probably Hudson also, to some extent. I don't know exactly how much.[1]

Mr. Arnold. Has this been a healthy migration, from the standpoint of availability of aircraft workers?

Commander Eade. I can't answer. I think it is a necessary step.

Mr. Arnold. In your paper you state there is a shortage of skilled labor. What effect is this shortage having on aircraft production?

SHORTAGE OF SKILLED AERONAUTICAL LABOR

Commander Eade. It appears to me that the shortage of technical and qualified aeronautical help seriously hampers the aircraft-production program. The production methods in aircraft are not comparable to those of automobile production.

Mr. Arnold. Assuming that the cut in automobile production will release considerable numbers of skilled and semiskilled workers to the labor market, can these workers be absorbed immediately by the aircraft industry?

Commander Eade. No.

Mr. Arnold. You heard the testimony of the other gentlemen this morning?

Commander Eade. I heard part of it; yes.

Mr. Arnold. Have you any comment to make?

AIRCRAFT WORK REQUIRES SPECIALIZED TRAINING

Commander Eade. My only comment is that aircraft work is such that the majority of it requires specialized training, even if it is training of only short duration.

The entire subject is quite controversial, and all one can do, I believe, is consider details. For instance, a machinist operating on automobile engines may be immediately transferred to comparable work in aircraft-engine manufacture, but the tolerances, the limits within which he is required to work, are closer in most instances than in automobile work. Therefore, he has to have some supervision and must learn a more careful technique.

For work on aircraft materials, aside from the engine, the automobile worker must go through a training period of not less than 3 months to bring him to fixed duties.

In other words, the production system in the automobile field requires an individual worker to be trained for fixed duties. Now, that same system can be applied by companies in the aircraft production field, provided they have trained personnel or provide a training period within which to accommodate that purpose.

Mr. Arnold. You heard the testimony concerning the suggested conversion of automobile plants last November instead of now. Would you have any comment to make as to why that was not done?

Commander Eade. Primarily, the equipment and facilities are not adaptable to aircraft production in general.

Mr. Arnold. Then you think the project of the Government in establishing a plant in Chicago to construct engines has been efficiently planned, that it has not been a wasted effort?

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[1] See letter from Warren F. Bow, p. 7662.

Commander EADE. My offhand thought would be that it hasn't been wasted effort. I think it is necessary.

Mr. ARNOLD. Have you any comment to make on the failure of the Government to utilize the surplus of tool makers and die makers, mentioned here this morning?

Commander EADE. Tool makers and die makers are valuable assets to aircraft production.

I am constantly reminded that many of the managements of the various plants say they cannot get them. The reason behind that I would not know.

Mr. ARNOLD. You believe that the system of training which is already established in many aircraft plants will have to be considerably expanded, and that the men will have to have that training even though they may have been skilled automobile workers?

Commander EADE. May I ask a definition of your phrase, "skilled automobile workers"?

Mr. CURTIS. One who belongs to the union.

The CHAIRMAN. Will you answer that question, Dr. Lamb?

ABSORPTION OF SKILLED WORKERS

Dr. LAMB. I assume the reference is to the skills that have been discussed here—those of tool and die makers.

Commander EADE. Tool and die makers can be directly absorbed.

Dr. LAMB. People with machine tool and die making and possibly pattern-making experience.

Commander EADE. That is right.

Mr. OSMERS. You wouldn't consider a man who had been working on an assembly line, and who could be trained in a period of only 2 days to 2 weeks, as a skilled auto worker?

Commander EADE. No, sir.

Mr. ARNOLD. Assuming that supervisory or key personnel are released by reason of automobile production curtailment, can these men's services be utilized at once?

Commander EADE. Yes, sir.

BALANCING LABOR CONVERSION

Mr. ARNOLD. Concerning the transition period from nondefense to defense production, you state in your paper, and I quote:

> There is need for orderly curtailment of nondefense production whereby manpower can be shifted in direct proportion to curtailment of the use of basic materials which are needed for defense production; in other words, a tapering off of nondefense production and a tapering on of defense production commensurate with the requirements of materials and facilities.

Will you elaborate on this point?

Commander EADE. Let us go back to my reference in this paper to subcontractors. At the present time, for the production of aircraft, it takes considerable time to rehabilitate an automobile plant. It takes considerable time to build jigs and fixtures necessary for the assembly of machinery to make the dies necessary for stamping out the parts; it takes quite a lot of time to get the materials, because of the priorities set-up. The subcontractor takes the priority of the prime contractor by an extension. He in turn extends that to the suppliers of the raw materials. It takes time to build up a backlog of material sufficient so that the manufacturer can release a quantity of material for the production of a given number of units. You can't just take one sheet of material and knock out one piece and say, "We are starting into production." Because you are not. You are releasing maybe 250 for the first crack on the die. Right or wrong, you are starting that way.

EFFECT OF CHANGES IN BASIC DESIGN

Mr. ARNOLD. What effect do changes in basic design have on the types of skills required in aircraft production?

Commander EADE. I don't think that subject has any bearing on the type of skills. It is merely a question of delays in getting into production of a particular design.

Mr. ARNOLD. Aircraft design is undergoing constant changes as a result of observations of the present war, is it not?

Commander EADE. That is right.

Mr. ARNOLD. But the skills required in manufacturing are not affected?

Commander EADE. The skills are not involved at all.

Mr. ARNOLD. Those are delays that are unavoidable?

Commander EADE. Yes, sir.

PROBLEMS INVOLVED IN DEFENSE OPERATIONS

I should like, for a moment, to go back to the curtailment of nondefense operations. That should certainly be commensurate with the increase in productive capacity of the aircraft or defense industries; otherwise, you would get this interim to which I referred in my paper, of curtailment of automobiles and a simultaneous step-up in aircraft, during which time you can't use the people because they are not sufficiently trained. In the second place, you haven't got the plant facilities available. And in the third place, you haven't got the materials available at the plants.

Mr. ARNOLD. In the conclusion of your paper, you state, and I quote:

> Practically all mistakes made in the production line are due to inadequate familiarization with the seriousness of such mistakes and inadequate training of personnel.

What do you consider to be the answer to "inadequate familiarization with the seriousness of such mistakes"?

Commander EADE. Step-up of the training program and the definite need for the training program prior to putting these people on the production line.

The CHAIRMAN. Commander Eade, we have heard in Washington, and we have also heard here, a complaint that the Army and the Navy are storing up unnecessary surplus materials to the prejudice of nondefense industries. Do you know anything about that, of your own knowledge?

Commander EADE. I have heard those rumors, but I personally don't understand your question fully, as to whether the Army and the Navy, as services, are doing it, or whether the manufacturers, under the control of the Army and Navy contracts, are doing it.

The CHAIRMAN. We didn't break it down; we heard simply that the Army and Navy were purchasing unnecessarily large stocks of materials and storing them up as surplus to the prejudice of nondefense industries.

NO DIRECT PURCHASING BY ARMY AND NAVY

Commander EADE. In the first place, the Army and the Navy do not purchase materials for either prime or subcontractors except in the case of such activities as navy shipyards, arsenals, and so forth, whereas the private contractors purchase materials as required for their use. Materials furnished by the Government to airplane manufacturers comprise such items as engines, propellers, instruments, armament, tires, and tubes procured by the services of other sources.

The CHAIRMAN. Commander Eade, did you read the story concerning this practice in the last World War, in 1917 and 1918, when 5,000 typewriters were on hand?

Commander EADE. It sounds a little familiar to me.

The CHAIRMAN. How did they get those typewriters?

Commander EADE. (No response.)

The CHAIRMAN. I am not saying the story is true, Commander.

Mr. CURTIS. You were not in charge of the purchase of typewriters at that time, were you?

Commander EADE. Thank goodness, I was not.

Mr. OSMERS. There are so many rumors running around the country now, rumors of shortages of material, real or imaginary, that we are trying to clarify this whole situation. One unusually persistent story is that some firms have made it their business to get one or two minor defense contracts—minor in comparison with the size of their operations—and using that priority to get a lot of material for their normal, nondefense business.

Commander EADE. I wouldn't doubt that there is a tendency for certain manufacturers to try that. However, I have to authenticate all preference rating certificates, for contracts under cognizance of my office, and the materials that I see on that list must be applicable to the contract.

Mr. OSMERS. And in quantities?

Commander EADE. And in quantities requested on purchase orders for a stepped delivery. If they want 100,000 yards of webbing for parachutes, they cannot get that as of a certain date; they must set forth a natural requirement, which would keep their production line going.

Mr. OSMERS. Based on their operation?

Commander EADE. Exactly. So they have, say, a 30-day backlog of materials, at the very least, and possibly a little more.

IN-SERVICE TRAINING

Mr. OSMERS. You told Congressman Arnold and the committee that you thought that a vastly stepped-up training program was necessary. I wonder if you would care to tell the committee which of the various training programs seems to be producing the best and quickest results.

Commander Eade. That is a little difficult. The only training program with which I am familiar at the present minute and that I have any direct contact with is the one at Briggs.

Mr. Osmers. That is training-within-industry?

Commander Eade. It is training-within-industry. They use similar materials, parts, jigs and fixtures, and are trained for a period of 6 weeks, I believe it is, before they are shifted to the production line.

Mr. Osmers. Is that training plan working?

Commander Eade. It is.

Mr. Osmers. From your observation of the one plant with which you are familiar, would you say that that training program could be expanded a great deal over what it is today?

Commander Eade. In my experience of the past year in this production through the automobile field—that is, production of aircraft through the automotive field—I feel that the Briggs plan is very satisfactory, and it is the most likely that I know of to produce the desired results in the shortest length of time.

Mr. Osmers. I am talking now about expansion of the Briggs plan.

EACH PLANT SHOULD CARRY ITS OWN TRAINING PROGRAM

Commander Eade. It should be expanded, but I think each plant should carry on its own training program.

Mr. Osmers. I certainly think so, too. I don't think we ought to try to train them all in one plant; but could the Briggs program be expanded?

Commander Eade. Yes, I think it could, and I think they are taking steps along that line. They are prepared now, I believe, to train 250.

Mr. Osmers. Has there been any difficulty, conflict, confusion, or competition in the procurement of aircraft because of the fact that we have an Army Air Corps and a Navy Flying Corps?

Commander Eade. May I ask how far in procurement? I just don't understand all the possibilities of "procurement." I can answer part of the question.

NO COMPETITION BETWEEN ARMY AND NAVY

Mr. Osmers. We have four air forces in the United States; but two of them are major, the Army and the Navy. They are both procuring their own airplanes and materials. Has there been any competition between the two for the use of these facilities and materials?

Commander Eade. I don't believe so.

Mr. Osmers. It has not been evident to you?

Commander Eade. I think the Joint Boards of the Army and Navy work together very closely in the allocation of contracts.

Dr. Lamb. In his testimony here yesterday, Major Gardner of the Air Corps, Procurement Division, testified that in his estimation 80 percent of the workers in the automobile industry could be successfully transferred, either directly or after further training, to the aircraft industry. That doesn't quite correspond to your testimony earlier, I would think, although I would like to have you comment on it.

Commander Eade. I don't believe that I went into any figures.

Dr. Lamb. No, but you suggested that required skills were high, and consequently the problem of securing them was difficult.

Commander Eade. I specifically divided it into two classes, those who were in the automobile field primarily operating machine tools, such as machinists, doing comparable work on engines, and those who were doing comparable work in other parts of the shop.

Dr. Lamb. Yes.

Commander Eade. Those who were doing similar types of work in parts of the shop other than engines can be transferred directly.

Those who go into the assembly of aircraft must have training, but what the percentage is, I don't know.

Dr. Lamb. I am asking with respect to the length of training necessary to turn out a man useful to the aircraft industry. This, you see, directly concerns the work of the committee. If the proportion of eligible automotive workers is small, the number of unemployed will be very large.

REQUIRES THREE MONTHS' TRAINING

Commander Eade. That is right. I intimated in my paper that about 3 months of training would be necessary, and I was accounting for some of the skills that are not easily developed.

Dr. Lamb. In the training-within-industry program, which you prefer as the most efficient, would 3 months still be the minimum period?

Commander Eade. That is right.

Dr. Lamb. Proceed. Your testimony is perhaps not at variance with that of Major Gardner.

Commander Eade. Not at all.

Dr. Lamb. Conceivably 80 percent could be trained, if they are not already sufficiently skilled, for the tasks in the aircraft industry?

Commander Eade. I don't want to contradict Major Gardner, but I don't know what the percentage would be. I simply divided the workers in two general groups, and I still insist that that condition—lack of experience—exists and must be corrected.

Dr. Lamb. Perhaps the question at issue is how many tasks are involved in the aircraft industry requiring long experience in the operation performed, and how many could be taught in a training-within-industry program, within a period of, say, 3 months' maximum. Have you any estimate of that?

Commander Eade. You are getting me back on a figure now, and hazarding a guess, which is a little difficult.

Dr. Lamb. Would you say 90 percent of the tasks could be done only by men who are skilled over a long period, say 5 years?

Commander Eade. Oh, no.

Dr. Lamb. I am trying to get some basic conception of the problem. From what you previously testified, I could assume, you see, that only men of 5 years' experience could conceivably be used in the aircraft industry.

Commander Eade. I see what you are driving at, but I don't know how to answer you without a break-down of these operations. Let me cite one example. To drive rivets in aircraft work, a man must have at least 3 months' experience.

Dr. Lamb. I understand that.

Commander EADE. If he is given fixed duties, as done in the automotive field, and if that same type of procedure is adopted by mass production in aircraft, then he will be trained in specific duties.

Dr. LAMB. But even without adoption of that automotive procedure, he could be so trained, could he not?

Commander EADE. Yes. In a frozen job.

Dr. LAMB. Given normal aptitude, or perhaps superior aptitude, he could be trained in 3 months?

Commander EADE. Yes, sir; the average automobile worker could be trained in 3 months to do the job that some workers in the aircraft field have been doing for 10 years.

VALUE OF INVENTORY OF THE SKILLS REQUIRED IN AIRCRAFT INDUSTRY

Dr. LAMB. That is what I am getting at. A break-down of operations of the aircraft industry as a whole ought to be possible, according to the number of people required in various operations, and the degree of skill, measured in terms of the period of time required to train, plus a certain aptitude, qualifying the man for that task.

In other words, you could make up a schedule for the entire aircraft industry, let us say for a certain type of plane, and break it down according to skills, and go ahead with your inventory of skills and the transference of these men from one industry to another, through schooling.

Commander EADE. That is right.

Dr. LAMB. Then if you have, let us say, 275,000 unemployed in the automobile industry throughout the country, about what proportion of those men might be transferable to aircraft under the proper organization and training?

Commander EADE. Transferred directly?

Dr. LAMB. I am not asking you to give me a figure. I just want an indication. Is it as low as 10 percent, or do you suppose 50 percent or more might be transferred?

Commander EADE. I don't know. I could answer that only if you can tell me how many people are in the automotive field, doing machine work on engine construction in the shops. I would say that group can probably be transferred as required.

Dr. LAMB. They can be immediately transferred, certainly, but we are not talking about that group. We are talking about the training program, and the workers who would be transferred through its operation.

ESTIMATES 90 PERCENT NEED TRAINING

Commander EADE. I would say 90 percent of them will have to be trained.

Dr. LAMB. I agree with that. I am asking first, how much training is required, and second, how large a proportion of the displaced automotive workers could be trained and actually transferred.

Commander EADE. I say 3 months, as the time required for training such men.

Dr. LAMB. How many of the operations in aircraft would require 3 months minimum, and how many would require 6 months, or longer?

Commander EADE. That is a difficult question too. I think a study of that definitely would have to be made.

Dr. LAMB. Don't you think it is important that a study such as that should be made?

Commander EADE. Yes.

The CHAIRMAN. Thank you very much, Commander. We appreciate your coming here, and the very fine statement you have submitted. It will be very helpful to us.

Our next witness is Professor Hill.[1]

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[1] The statement and testimony of Prof. E. B. Hill, of the farm management department, Michigan State College, appears in pt. 19, a separate volume on the Detroit hearing, containing testimony, expert papers, and exhibits exclusively on the subject of agricultural migration into the area.

NATIONAL DEFENSE MIGRATION

WEDNESDAY, SEPTEMBER 24, 1941

House of Representatives,
Select Committee Investigating
National Defense Migration,
Washington, D. C.

AFTERNOON SESSION

The committee met at 1:30 p. m.

The Chairman. The committee will come to order.

Mr. Raymond will be our first witness this afternoon.

TESTIMONY OF EARL E. RAYMOND, PRESIDENT, TRAILER COACH MANUFACTURERS ASSOCIATION, SAGINAW, MICH.

The Chairman. Congressman Osmers will interrogate you, Mr. Raymond.

Mr. Osmers. Mr. Raymond, will you state for the record your name and the position you hold?

Mr. Raymond. Yes, sir; I am Earl Raymond, president of the Trailer Coach Manufacturers Association.

The Trailer Coach Manufacturers Association is composed of manufacturers who produce approximately 70 percent of the output of the industry.

Mr. Osmers. The committee, as you point out in your paper, is primarily interested in the part that trailers are playing in the housing of defense project workers. Your paper will be introduced into the record.

(The paper referred to above is as follows:)

STATEMENT BY EARL E. RAYMOND, PRESIDENT, TRAILER COACH MANUFACTURERS ASSOCIATION

For your record may I say that I am speaking directly for the trailer coach manufacturers who belong to the Trailer Coach Manufacturers Association—the national trade organization of our industry. Our members produce approximately 70 percent of the current trailer coach production.

Indirectly, I'm also speaking for the trailer coach dealers of the country who merchandise our products and for the trailer park operators who provide the parking sites and services needed by the trailer owners who buy our coaches.

I understand that your committee is primarily interested in the part trailer coaches are playing in the housing of defense project workers. I'll therefore try to confine my remarks to points pertinent to your investigation as these apply to the use of trailer coaches.

USE OF TRAILERS BY THE GOVERNMENT

You are aware, we understand, that the Coordinator of Defense Housing already has recognized both the economy and desirability of trailer coaches for mobile emergency defense housing. Our industry has supplied over 4,000 trailer coaches so far this year in his temporary shelter program—and this, by the way, at a cost of less than $300 per person—including furniture—everything needed except bed linen, dishes and cooking utensils. We cite this figure in comparison of the per capita cost of housing our soldiers in training camps as well as in comparison with what is being spent on a per capita basis on defense-housing projects throughout the country.

Before the Government became interested in the use of trailers for shelter housing, individual defense workers recognized them as a satisfactory solution of the housing problem occasioned for them by the increased industrial activities in many areas. In many such regions acute housing shortages developed early in 1940 and as a consequence the demand for trailer coaches throughout the year kept all of our factories running at peak capacity; several in fact had to increase their facilities and pay rolls to even keep up with the demand for trailers—principally from defense workers who, on their own initiative, and at their own expense, solved their immediate housing problem at no cost to the Government by purchasing a trailer coach.

At the beginning of 1941, therefore, practically all trailer coach producers were operating at their full normal capacity with large banks of unfilled orders on hand.

EFFECT OF GOVERNMENT ORDERS

In March the Government, through the Farm Security Administration, entered the trailer market for its first 2,000 coaches and demanded delivery within 30 days. In order to accomplish this without disrupting our regular dealer distribution it became necessary to increase our output by putting on extra shifts, taking advantage of mass production methods by manufacturing standard models, and in many instances of utilizing additional working space.

The result was that Government jobs were delivered on time, that economies in production costs (through making standard jobs) were uncovered, and what was once considered our industry capacity output was practically doubled during the period the Government orders were being filled.

This proved fortunate because the housing problem apparently has become more serious as the year advanced. Individual defense workers who are compelled to provide accommodations for themselves and their families have continued to depend more and more on the trailer for their housing facilities. They have placed orders through regular trailer dealer channels in sufficient quantities to more than absorb the increased output of the industry at the pace to which it was stepped up by the Government orders. This continued increased production has practically exhausted anticipated stocks of suppliers and the priority limitations have made it practically impossible for them to be replaced.

At present the industry is facing a very serious situation in a lack of materials. Unless something is done quickly many plants will be forced to shut down. This of course will be a blow to the individual plant owners, but of considerably more concern to the men that will be thrown out of work and the industrious defense workers who are desirous of providing their own shelter in trailer homes and who will find them not available.

NEED FOR GOOD TRAILER PARKS

On the question of the need for good trailer parks it can be said that good trailer homes with all equipment for comfortable living but without proper parking facilities are like modern high speed automobiles without good roads. Modern trailer parks take time to develop and require a substantial outlay of capital. Due to increased activity practically all established parks are being improved and enlarged and many new ones are under construction. There is plenty of capita that can be interested in this type of investment provided:

1. That the general public will look with favor on the average trailer user rather than with contempt. This change is taking place due to great a extent by the fact that the United States Government has recognized the trailer as a practical housing accommodation and has bought substantial quantities for this purpose. Under the direction of Mr. Donahue's office satisfactory trailer parks have been built by the Farm Security Administration or are under construction for the parking of the Government-owned trailers which are being rented to defense workers. We of the industry realize that much of the success of the Government's experiment in its use of trailer coaches for temporary shelter is dependent on the type of service rendered and the general appearance of these Government trailer parks. If handled well, as we are expecting they will be, they should set a desirable pattern for the private trailer park operator to follow.

2. That prejudice or misinformed communities do not curtail or prohibit private trailer-park developments by restrictive legislation. Considerable progress in our favor has been made in this respect recently and this again has been helped by the Government action.

PREDICTION FOR THE FUTURE

As trailer-coach producers, naturally we are optimistic over the more extensive use of trailers for homes during the defense period and after the present national emergency is over.

When it is remembered that there were upward of 200,000 trailer coaches in use prior to the development of the national-defense effort, and that during 1941 approximately 20,000 additional trailers went into use—probably 95 percent of them for temporary housing—and when it is reported that the defense workers who are being sheltered in trailers have been found to be enthusiastic over them (it was felt by the Government officials that they would not be very highly regarded) we can only look forward to an increased use in the immediate future—provided of course that our industry is given the materials needed to make them.

Then, after the emergency, we likewise can only look to a continuation of the present demand—for many years to come. Ours is a depression-born industry. Trailer coaches came into the national picture to a considerable extent through the demand for lower housing costs.

If we are faced, as we probably will be, by a period of slackened employment after the present emergency is over, then the trailer coach again will be called to meet the needs of thousands who will be forced to very carefully budget their resources for a period until they can be more permanently reestablished.

Trailer-park owners, therefore, who now are developing facilities for use of trailer owners during the national-defense period, if they are fortunate in the selection of their sites, can, we believe, be assured of a fairly stable future in their present ventures.

In closing may I thank your committee for the understanding of the trailer mode of living that has been shown in your earlier hearings. We of the trailer-coach industry feel that you've been very considerate of our problems and our interests as small business firms. We are grateful to you.

TESTIMONY OF EARLE E. RAYMOND—Resumed

Mr. Osmers. I wonder if you would tell us something about the work of the trailer industry on Government orders.

Mr. Raymond. Along in November of last year the trailer industry had a representative in Washington, in an attempt to interest the Government in the advisability of using trailers in areas where defense housing was becoming a problem.

Mr. Palmer's office—the office of Defense Housing Coordinator—along in March of this year ordered a quantity of trailer coaches. They were requisitioned and bids solicited by the Farm Security Administration.

Mr. Osmers. Do you know the total number that were ordered or bought or are now on order for the Government?

FOUR THOUSAND TRAILERS PURCHASED

Mr. Raymond. Approximately 4,000 units have been bought up to date.

Mr. Osmers. Do you expect that they will use more?

Mr. Raymond. Yes, sir; we feel confident they will use more because, according to those in authority there, the trailers have proved satisfactory for the purpose for which they were purchased.

Mr. **Osmers.** What is the effect of priorities on the industry?

Mr. **Raymond.** Right now it is serious. The Government's purchases of coaches have increased the normal output of the industry to such an extent this year that the ordinary run of supplies and materials was used up ahead of schedule, and with the priorities system in force at the present time, it has been almost impossible to replace the materials.

TWENTY THOUSAND TRAILERS PRODUCED ANNUALLY

Mr. **Osmers.** What is the annual production of trailers in the United States now?

Mr. **Raymond.** Approximately 20,000 units.

Mr. **Osmers.** How many more units could the industry produce with its existing equipment if it was given priorities for material?

Mr. **Raymond.** With present facilities, I don't think that could be exceeded very much.

Mr. **Osmers.** The plants are about up to maximum capacity at present?

Mr. **Raymond.** Yes, sir.

Mr. **Osmers.** Tell us a little about the use to which the Government is putting the trailers that it has bought.

Mr. **Raymond.** At the present time there are 14 areas which have been designated as critical defense areas, in which there will be very serious housing shortages.

Some of the areas already have industrial plants and projects in operation, and in those the housing shortage is already evident.

TRAILERS SHIFTED IN ACCORDANCE WITH NEEDS

In other cases a shortage has been anticipated, coaches have been placed in the areas. Due to changes in policy and programs, it is becoming necessary to shift these coaches from one area to another. For instance, in Baltimore, over there in the neighborhood of the Glenn Martin aircraft plant, there are quite a few coaches—I would judge about 350—and they are practically all in use.

In the Nashville area there were a few more than 350, possibly 400 units placed, and we just learned last week that they are to be taken from the Nashville area and put in areas in which the shortage has become more acute—ahead of expectations.

TRANSPORTATION OF TRAILERS

Mr. **Osmers.** How does the Government transport the trailers?

Mr. **Raymond.** There are transportation companies in the trailer industry, and the Government so far has employed the facilities of these transportation companies for transporting the coaches.

Mr. **Osmers.** Now, if you can estimate it, what has been the sale to individual defense workers?

Mr. **Raymond.** The industry as a whole has, to the very best of its ability, made a pretty careful check of that, and hopes that sometime we might be able to get a priority. We find that upward of 85 percent of the output during 1941 has been sold in so-called defense areas.

We have no absolute proof that all the coaches sold in those areas have gone to defense workers, but the areas so designated are areas in which the normal sale of coaches is not very great, so we have good reason to assume that the big majority of trailers sold in those areas are going to defense workers.

STANDARDS FOR TRAILER PARKS

Mr. OSMERS. What sort of standard has the industry set up for trailer parks, and how well has the Federal Government followed those standards?

Mr. RAYMOND. That has been a troublesome point in the industry. There have been several reasons. Trailers were more or less dumped on the public a few years back, and sometimes the parking facilities were far below fair living standards.

FARM SECURITY ADMINISTRATION TRAILER PARKS

We have had to work and strive to the best of our ability to get the standard of trailer parks raised in the last year or so, and we have had considerable help from the department set up by the Farm Security Administration and Mr. Palmer's office.

Definite plans of park design have been promoted. The engineering department of the Farm Security Administration, headed by Mr. Donovan, has purchased land and begun to build parks in every area that has been classed as a defense area, and their plans and their program for park construction are very much worth while. If they are carried out, we have every reason to believe the trailers will be capably provided for.

The CHAIRMAN. Thank you very much, Mr. Raymond.

Mr. RAYMOND. And I thank you very much, gentlemen, for the time you have given me.

TESTIMONY OF PANEL REPRESENTING THE AUTOMOBILE INDUSTRY OF MICHIGAN

The CHAIRMAN. Our next witnesses will be seven gentlemen representing the automobile industry.

Gentlemen of the panel, I think it would be well for the committee to state that we haven't any preconceived notions as to how to solve this problem of national defense migration.

We have traveled over the United States trying to get the facts. Any questions that we ask you today are for the sole purpose of obtaining facts. We are not trying to cross-examine any witness. Instead of asking you to appear before our committee in Washington we have come to you people here in Detroit to get our answers. We appreciate your coming here and giving what information you can, so that we may report our findings back to Congress.

The papers you gentlemen have prepared are a valuable contribution to our record, and will be incorporated therein.

(The papers referred to above are as follows:)

STATEMENT BY C. C. CARLTON, MOTOR WHEEL CORPORATION; PRESIDENT, AUTOMOTIVE PARTS & EQUIPMENT MANUFACTURERS, INC.; MEMBER, AUTOMOTIVE INDUSTRY DEFENSE ADVISORY COMMITTEE, OFFICE OF PRODUCTION MANAGEMENT, AND COMMISSIONER IN CHARGE OF INDUSTRY, MICHIGAN COUNCIL OF DEFENSE

May I first briefly describe the relationship of the automotive parts and equipment industry to the automobile and truck industry, and indicate the geographical concentration of the factories and the employment therein? With that as a beginning, the following analysis of employee migratory trends will be more readily understood.

Automobile manufacturers—whose corporate names such as General Motors, Ford, Chrysler, Studebaker, Hudson, Packard, Nash, Willys-Overland and Crosley are familiar to all—are the customers of a large number of manufacturers who produce wheels, bodies, carburetors, bumpers, engine parts, and in fact the entire list of components which together make up the modern motorcar.

Automobile and truck manufacturers are the customers of a large number of manufacturers of automotive parts for chassis and actuating mechanisms, electric equipment, bodies, and accessories which make up the automotive vehicle. A list of the chief component parts of an automobile is appended hereto.

Automotive-parts manufacturers may be divided into three classes as far as their production is concerned; viz:

(*a*) Manufacturers of "original equipment." This equipment is purchased by and shipped to the manufacturers of automobiles and trucks.

(*b*) Manufacturers of "replacement parts." These parts are sold to the manufacturer of the automotive vehicle, to jobbers, distributors, dealers, and garages, to service the automotive vehicles already on the road.

(*c*) Manufacturers of "accessories," such as car heaters, bumpers, luggage carriers, rear-view mirrors, tire chains, accessory lighting equipment, and miscellaneous accessories which may or may not be "original equipment" on the vehicle as sold to the consumer.

All manufacturers of original equipment are manufacturers of replacement parts, but many replacement parts manufacturers do not manufacture original equipment.

The automotive-vehicle manufacturer of course builds automotive parts himself, but there are some parts of automotive vehicles which are not made at all by the vehicle manufacturer. In most cases, however, the largest potential competitor of the parts manufacturer is his own big customer, who may make a percentage of any given part in his own factory and "farms out" the balance of his requirements to the automotive-parts manufacturer. This factor is an important one in our present discussion and it will be explored more extensively later on.

GEOGRAPHICAL CONCENTRATION

At the time N. R. A. was put into operation, there was no accurate list of automotive-parts manufacturers available. The best information as to the total number of automotive-parts manufacturers was secured by the so-called Code Authority of the automotive parts and equipment manufacturing industry. After careful investigation over a period of a year, 856 manufacturers of automotive parts and equipment reported as required by the law to the Code Authority of that industry. So when we talk about the manufacturers of automotive parts and equipment, we are talking about approximately 800 manufacturers; the large majority of whose plants are located in the smaller cities and towns. This approximate 800 manufacturers are located in at least 131 cities and in at least 30 States of the Union.

However, the hub and center of the industry lies in the Detroit area, where many major assembly plants are located. The suppliers naturally build up their business within easy shipping distance of the plants of their customers. On a map of this area, a circle with its center in Detroit and with a 300-mile radius will encompass 73.6 percent of the manufacturers of the parts industry and, more important to the present inquiry, 97.7 percent of the employees of this industry.

A smaller circle with its center near Sandusky, Ohio, and with a radius of 185 miles, encompasses 80.7 percent of the employees of this industry but only 52.8 percent of the factories.

The employees of the automotive parts and manufacturing industry number more than 200,000. Within the larger circle which includes Chicago, Milwaukee, Buffalo, Pittsburgh, Cleveland, Cincinnati, Toledo, and South Bend, with Detroit as its center, are employed almost 200,000 persons. In fact the great majority of these employees are in the Detroit area.

These estimates, added to those which you have from representatives of the automotive-vehicle manufacturers, present a graphic picture of concentration of labor of a highly specialized type.

RELATION OF EMPLOYMENT TO AUTOMOBILE PRODUCTION

Historically, the automobile business has followed a definite policy of yearly change. New models are introduced each year, and there is necessarily a period when large numbers of employees are laid off, while the factories close the production of the current models, change their tools and equipment as needed, and begin the new year model run. As the demand for parts slackens or increases, there are consequent peaks and valleys in the parts-manufacturers' employment records.

This year, great changes were wrought in the industry as it prepared to assume large defense orders, and the pattern of full employment ran well past its usual declining point. Yet the change-over period did come, and we are just now entering the production season again.

In this connection, I would like to refer to the point made earlier, that the automobile manufacturer can, and does, make many of his own parts. I do not know the exact percentages of parts produced by the various manufacturers for their own cars, but let us assume that manufacturer A makes 50 percent of any part he needs, and buys 50 percent from parts manufacturers. If, then, his total need is reduced during the coming year it is natural to assume that he will try to keep his own employees busy, and that the orders to the parts company will diminish progressively. In some cases, it is conceivable that the entire percentage of farmed out production may vanish.

It is also possible that the assumption of defense orders by large plants may bring about the reverse of this trend in some cases for a short time. The major manufacturer may wish to train more and more of his own people in the defense job, thus holding the parts company's orders fairly level. Yet even then the progressive decline of total volume, as charted by the Government agencies, will bring about the release of workers in the parts plants unless there are other kinds of jobs available.

TRENDS OF DEFENSE EMPLOYMENT

Our efforts to procure a comprehensive record of present and future defense employment have not been entirely successful, yet the evidence of some trends is fairly conclusive. Generally, our plants which make engine parts find that there is more work available in the aviation engine program than they can handle. Plants which have the equipment to make ordnance face tremendous and expanding demands. A factory which usually makes automotive or truck gears naturally is in line for gear work for Army trucks and tanks. And parenthetically it may be observed that the defense program calls for more trucks than ever have been produced in peacetime; consequently the manufacturer of truck parts need worry only about material, and perhaps later about skilled manpower.

In another section of our industry, the manufacturers are not so fortunate, and the prospects of continued high employment are not bright. We have three kinds of labor and equipment which are not needed in the defense program to date, in the quantities presently found. One problem is illustrated by the larger number of metal presses of all sizes, and labor to handle them, in our plants. The work needed for these machines and men is comparatively light metal stampings. Yet with the exception of a few quartermaster's items, we have had no orders which would require the use of these presses.

The second unused portion of our industry, as we envision the coming defense program, involves plating work. The third great unused skill is our ability to perform rapid hand assembly in tremendous quantities.

No doubt these facts are all receiving attention from Government offices at present, and various individuals and associations have built up a record as complete as possible for the Labor Supply Section of the Office of Production Management. I respectfully recommend to this committee that it consult the members of the Labor Supply Section of the Office of Production Management, if it has not already done so, before preparing its final recommendations.[1]

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[1] See paper and testimony of Eric A. Nicol, Associate Chief, Labor Supply Branch, Office of Production Management, p. 7488 ff.

GEOGRAPHICAL PROBLEMS IN DEFENSE

As a member of the Michigan Council of Defense, and also in my duties as president of Automotive Parts & Equipment Manufacturers, Inc., I have spent some time and effort in trying to determine the geographical variations inherent to the transition from peace-time pursuits to defense production. With the foregoing statements in mind, one can readily see that if a preponderance of metal-stamping companies are found in one small town, that locality is likely to suffer large unemployment. If an industrial city has built up its employment around a large automobile assembly plant which is not in line for immediate defense work the same thing will happen, Generally, this problem assumes two forms: there are cities and towns which do not have sufficient necessary factory equipment ever to be of use in straight defense work, and there are others which have factories which will be used for defense after 6, 8, or 10 months, but which will have an interim period of large unemployment. Of the first class, Sturgis, Mich., is an example; of the second, one might take Lansing, Mich., as a good example.

These facts, I might add, also are being studied at present by the Labor Supply Section of Office of Production Management, and by special certification of unusually hard-hit areas we may be favored with Government help.

MIGRATORY TRENDS

Appended hereto are analyses of various surveys made by Automotive Parts & Equipment Manufacturers, Inc., during the past few weeks, which will give your committee certain precise information as to the estimates made by our nearly 400 parts plants of the employment problems they face. Generally, it will be found that defense work now on hand or anticipated for the immediate future will not entirely absorb the workers laid off because of the mandatory reduction in the production of passenger cars. In total, the amount of left-over labor is not frightening, but it must be remembered that the total review includes some plants which are going to be very hard-hit, and others which will suffer very little, if at all.

These exhibits also include reports which were sent in as a result of a questionnaire distributed 3 weeks ago, which was made up after conferences with the field representatives of the Committee on Migratory Labor. Generally, it will be seen that there has been little migration of labor in this industry during the past year, and we know of no such trends at present.

Again, however, we must take into account the history of the automobile industry, and it is common knowledge that during the period of great expansion this industry became the employer of thousands of men who came to the Detroit area from the farm and small-town areas. Even now, as one reviews the returns of our most recent questionnaire, he will find that among new employees there are more from Kentucky than, for example, from Pennsylvania to the east or from Missouri or Iowa to the West. From southern Ohio, Indiana, Kentucky, and Tennessee a great many of our workers were drawn in the twenties. The sons of these migratory workers now are found in our factories, and for some years we have not drawn from the outside because the supply of local labor was plentiful.

During defense times we have refrained from reading other States, and have not advertised for men extensively; the result has been that among all the States Michigan, we believe, has the best record to date for stability of employment and for restraining migration. The Michigan Council of Defense has contacted defense councils of other States and asked them to warn their citizens not to come to Michigan expecting to find immediate employment. In fact, we have asked them to notify their people not to come to Michigan for work unless they have a definite job before leaving home.

Whether this record can be maintained in the near future is a question which might well engage the attention of this committee. We are generally agreed that there will be a period of change-over from our usual business pursuits to defense work, and that during this period of a year or so there will be dislocations of labor. We are further agreed that the defense production will reach a high level in the closing stages of next year, and that by then our employment problem may well be one of finding enough men to man our plants. But between now and that period of full employment, some means should be found to discourage large-scale wandering of labor from one town to another.

Exhibit A.—Classification of Automotive Employees

At the request of a representative of the House Committee Investigating National Defense Migration, an attempt was made to analyze and classify employees as outlined below. It was found, however, that the preparation of these questionnaires was a very great task and consequently only a minority of manufacturers employing a minority of the total of over 200,000 employees were able to reply.

However, from the replies received, the following information was gathered which may be typical of the entire industry.

The analysis made consisted of 3 groups of 15,000 employees in each group, employed by 8 different manufacturers. One group of employees was employed in the city of Detroit, one group in the State of Michigan outside of Detroit and one group outside of the State of Michigan.

Results from partial returns as above indicated show employed in defense industries 25 percent in the city of Detroit, 33 percent in the State of Michigan outside of Detroit and 38 percent in the plants reported outside of Michigan.

From the same group of employees it was found that those employed from the city in which the manufacturing plant is located indicate 41 percent from Detroit, 90 percent from Michigan cities outside of Detroit and 98 percent by plants outside of the State of Michigan.

The reply to question as to how many employees were employed from the State, but not from the city, in which the plant is located, showed 43 percent in Detroit plants, 7½ percent in Michigan plants outside of Detroit and 1 percent outside of Michigan. In other words, 84 percent of the group of Detroit employees came from the State of Michigan; 97½ percent of the employees outside of the city of Detroit came from the State of Michigan and 99 percent of the employes employed in plants outside of the State of Michigan came from the State in which the plant employing them is located.

Exhibit B.—Sample of Notice and Employment Questionnaire Sent Out to Factories by Automotive Parts and Equipment Manufacturers, Inc.

To Members: A congressional committee (headed by Representative John H. Tolan of California) will hold public hearings in Detroit on September 24 and 25 on the question of migratory workers and what to do about them.

Preliminary to the meeting, the committee is asking the cooperation of a few factories in procuring a record of present employment, to show as far as possible where the workers came from, and how long they stayed on the job.

We have agreed to assist in this effort, and are sending out the enclosed questionnaire to you with the hope that you can return it filled in without too much trouble.

If some of the answers are not readily available, will you please give us those that are? Your employment records in many cases will provide the data—or enough to give us a start. We can be of quite valuable assistance in this survey, and we hope to avoid more than routine hearings by getting much of the information in advance.

Sincerely,

Frank Rising, *General Manager.*

P. S.—Two copies of questionnaire attached—one to be filled in and returned to Automotive Parts and Equipment Manufacturers; the other for your files.

QUESTIONNAIRE ON MIGRATION OF WORKERS

1. Number of employees as of Sept. 2:
    (*a*) Employed on defense work ------
    (*b*) Employed on nondefense work ------
2. Analysis of present labor force to show the following:

	Employees employed— 1 year or less	Employees employed— Over 1 year
(*a*) Number from city in which plant is located or in normal commuting area	------	------
(*b*) Number from rest of State	------	------
(*c*) Number from outside of State	------	------

3. Show on the attached sheet the number of workers hired since June 1, 1940, who actually came to work for your company directly from each of the States listed.

	Employees employed—1 year or less	Employees employed—Over 1 year
4. (*a*) Number with previous experience in automobile and parts industry	______	______
(*b*) Other manufacturing	______	______
(*c*) Agricultural	______	______
(*d*) No previous work experience	______	______
(*e*) Other	______	______

Please fill in and return immediately to Automotive Parts & Equipment Manufacturers, 800 Michigan Building, Detroit, Mich.

Company ______________________________
Location ______________________________
____

Question No. 3.—Show the number of workers hired since June 1, 1940, who actually came to work for your company directly from each of the following States:

Alabama ______
Arizona ______
Arkansas ______
California ______
Colorado ______
Connecticut ______
Delaware ______
Florida ______
Georgia ______
Idaho ______
Illinois ______
Indiana ______
Iowa ______
Kansas ______
Kentucky ______
Louisiana ______
Maine ______
Maryland ______
Massachusetts ______
Michigan ______
Minnesota ______
Mississippi ______
Missouri ______
Montana ______
Nebraska ______
Nevada ______
New Hampshire ______
New Jersey ______
New Mexico ______
New York ______
North Carolina ______
North Dakota ______
Ohio ______
Oklahoma ______
Oregon ______
Pennsylvania ______
Rhode Island ______
South Carolina ______
South Dakota ______
Tennessee ______
Texas ______
Utah ______
Vermont ______
Virginia ______
Washington ______
West Virginia ______
Wisconsin ______
Wyoming ______

EXHIBIT C.—REPORT ON EMPLOYMENT QUESTIONNAIRES SENT OUT BY AUTOMOTIVE PARTS & EQUIPMENT MANUFACTURERS, INC.

Questionnaires were returned by companies in the following cities and areas:

Company number	City or town	Company's principal product	Average employment
1	Rockford, Ill	Universal joints	735
2	Saginaw, Mich	Tappets and valves—automotive and aviation	1,223
3	Detroit, Mich	Mouldings and body hardware	1,182
4	Racine, Wis	Radiators and aviation heating and cooling units	632
5	Huntington Park, Calif	Carburetors	78
6	Pontiac, Mich	Body hardware and stampings	435
7	Detroit, Mich	Brass strip, rod, and wire and copper strip	1,159
8	do	Steering gears	522
9	Ann Arbor, Mich	Springs—automotive and aviation	116
10	Muskegon Heights, Mich	Piston rings	732
11	Detroit, Mich	Bumpers	504
12	Detroit and Plymouth plants combined.	Wheels, brakes, hubs, and drums	3,447
13	Portland, Ind	Steering wheels and moulded plastics	509
14	Detroit, Mich	Springs—automotive and aviation	328
15	do	Radiators—automotive and aviation	312

Company number	City or town	Company's principal product	Average employment
18	Wyandotte, Mich	Gaskets—automotive and aviation	346
19	Chicago, Ill	Lubrication fittings, instruments, heaters—automotive and aviation.	3,396
20	Cleveland, Ohio	Bearings and bushings—automotive and aviation	2,115
21	St. Louis, Mo	Piston rings—automotive and aviation	390
22	Muncie, Ind	Transmissions	2,085
23	Hagerstown, Ind	Piston rings—automotive and aviation	700
24	Lansing, Mich	Wheels, hubs, brake drums	2,078
25	Ann Arbor, Mich	Automotive instruments	1,024

Questionnaires were mailed to but not returned by the companies in the following cities and areas:

Company number	City or town	Company's principal product	Average employment
27	Detroit, Mich	Axles	3,462
28	St. Louis, Mo	Carburetors	1,446
29	Cleveland, Ohio	Valves, pistons, and pins—automotive and aviation	4,480
30	do	Crankshafts	708
31	Syracuse, N. Y	Gear, differential, and transmission assemblies	1,400
32	Buffalo, N. Y	Automobile radiators	128
33	West Orange, N. J	Magnetos and spark plugs	240
34	LaPorte, Ind	Pistons	166
35	Detroit, Mich	Engine bearings	1,649
36	Philadelphia, Pa	Piston rings	259
37	Worcester, Mass	Gaskets	141
38	LaCrosse, Wis	Automotive and aviation escutcheon plates and panel dials.	614
39	Detroit, Mich	Fiber products	908
40	Buffalo, N. Y	Hydraulic shock absorbers, aviation parts	1,845
41	Toledo, Ohio	Electrical equipment	3,889
42	Bronson, Mich	Electrical—starting, lighting, and ignition equipment	----------
43	Detroit, Mich	Tubing—automotive and aviation	829
44	South Bend, Ind	Carburetors	996
45	Chicago, Ill	Service tools	28
46	Muncie, Ind	Water pumps and parts	82
47	Toledo, Ohio	Universal joints, transmission, axles	1,775
48	Ecorse, Mich	Automotive frames	1,132
49	Grand Rapids, Mich	Body hardware	954
50	Milwaukee, Wis	Accessories	93

DETROIT, MICH., 8 PLANTS

1. Number of employees as of Sept. 2:
   (*a*) Employed on defense work ---------- 2,455 (7 plants)
   (*b*) Employed on nondefense work ---------- 6,656 (8 plants)

2. Analysis of present labor force to show the following:	Employees employed[1] 1 year or less	Employees employed[1] Over 1 year
(*a*) Number from city in which plant is located or in normal commuting area	1,048	2,698
(*b*) Number from rest of State	107	140
(*c*) Number from outside of State	164	508

3. Show on the attached sheet, the number of workers hired since June 1, 1940 who actually came to work for your company directly from each of the States listed.

4.	Employees employed[1] 1 year or less	Employees employed[1] Over 1 year
(*a*) Number with previous experience in automobile and parts industry	513	1,943
(*b*) Other manufacturing	228	339
(*c*) Agricultural	43	76
(*d*) No previous work experience	312	667
(*e*) Other	223	321

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[1] These figures will not balance because one company did not submit necessary figures for inclusion.

Number of workers hired since June 1, 1940, who actually came to work for these companies directly from each of the following States:

Alabama	2
Arizona	--
Arkansas	4
California	1
Colorado	1
Connecticut	--
Delaware	--
Florida	--
Georgia	1
Idaho	--
Illinois	15
Indiana	2
Iowa	4
Kansas	1
Kentucky	26
Louisiana	1
Maine	--
Maryland	--
Massachusetts	--
Michigan	672
Minnesota	5
Mississippi	4
Missouri	8
Montana	--
Nebraska	--
Nevada	--
New Hampshire	1
New Jersey	--
New Mexico	--
New York	4
North Carolina	1
North Dakota	--
Ohio	11
Oklahoma	2
Oregon	--
Pennsylvania	8
Rhode Island	--
South Carolina	--
South Dakota	--
Tennessee	30
Texas	1
Utah	--
Vermont	--
Virginia	1
Washington	--
West Virginia	3
Wisconsin	2
Wyoming	--

Michigan, outside Detroit (6 plants)

1. Number of employees as of Sept. 2—
   (*a*) Employed on defense work 2, 128 (6 plants)
   (*b*) Employed on nondefense work 4, 101 (6 plants)

2. Analysis of present labor force to show the following:	Employees employed— 1 year or less	Over 1 year
(*a*) Number from city in which plant is located or in normal commuting area	1, 332	4, 573
(*b*) Number from rest of State	79	94
(*c*) Number from outside of State	37	114

3. Show on the attached sheet the number of workers hired since June 1, 1940, who actually came to work for your company directly from each of the States listed.

	Employees employed— 1 year or less	Over 1 year
4. (*a*) Number with previous experience in automobile and parts industry	179	3, 580
(*b*) Other manufacturing	199	308
(*c*) Agricultural	227	132
(*d*) No previous work experience	344	482
(*e*) Other	580	279

Number of workers hired since June 1, 1940, who actually came to work for these companies directly from each of the following States:

Alabama	3
Arizona	--
Arkansas	10
California	--
Colorado	1
Connecticut	--
Delaware	--
Florida	--
Georgia	1
Idaho	1
Illinois	23
Indiana	20
Iowa	4
Kansas	5
Kentucky	10
Louisiana	--
Maine	--
Maryland	--
Massachusetts	1
Michigan	481
Minnesota	10
Mississippi	--
Missouri	7
Montana	--
Nebraska	3
Nevada	--
New Hampshire	--
New Jersey	--

New Mexico	--
New York	5
North Carolina	--
North Dakota	--
Ohio	15
Oklahoma	--
Oregon	--
Pennsylvania	12
Rhode Island	--
South Carolina	--
South Dakota	--
Tennessee	7
Texas	--
Utah	--
Vermont	1
Virginia	1
Washington	--
West Virginia	1
Wisconsin	2
Wyoming	--

OUTSIDE MICHIGAN (9 PLANTS)

1. Number of employees as of Sept. 2—
   - (*a*) Employed on defense work .... 5,521 (8 plants)
   - (*b*) Employed on nondefense work .... 9,399 (9 plants)
2. Analysis of present labor force to show the following:

	Employees employed— 1 year or less	Employees employed— Over 1 year
(*a*) Number from city in which plant is located or in normal commuting area	3,723	11,086
(*b*) Number from rest of State	14	8
(*c*) Number from outside of State	62	27

3. Show on the attached sheet, the number of workers hired since June 1, 1940, who actually came to work for your company directly from each of the States listed.

	Employees employed— 1 year or less	Employees employed— Over 1 year
4. (*a*) Number with previous experience in automobile and parts industry	126	2,411
(*b*) Other manufacturing	685	529
(*c*) Agricultural	87	212
(*d*) No previous work experience	293	253
(*e*) Other	92	173

Number of workers hired since June 1, 1940, who actually came to work for these companies directly from each of the following States:

Alabama	--
Arizona	--
Arkansas	1
California	--
Colorado	--
Connecticut	1
Delaware	--
Florida	11
Georgia	--
Iadho	1
Illinois	--
Indiana	301
Iowa	2
Kansas	1
Kentucky	--
Louisiana	--
Maine	--
Maryland	--
Massachusetts	--
Michigan	--
Minnesota	--
Mississippi	--
Missouri	2
Montana	--
Nebraska	1
Nevada	--
New Hampshire	--
New Jersey	1
New Mexico	--
New York	11
North Carolina	--
North Dakota	--
Ohio	--
Oklahoma	2
Oregon	--
Pennsylvania	1
Rhose Island	--
South Carolina	--
South Dakota	--
Tennessee	--
Texas	1
Utah	1
Vermont	--
Virginia	--
Washington	--
West Virginia	--
Wisconsin	13
Wyoming	--

EXHIBIT D.—ADDRESS BY C. C. CARLTON, BEFORE NATIONAL AERONAUTIC MEETING OF SOCIETY OF AUTOMOTIVE ENGINEERS, MARCH 14, 1941

In light of world events and the growing importance of aircraft to the Nation, never has the wisdom of the establishment of the Society of Automotive Engineers' aeronautical section been more apparent than now.

When you realize that this section was set up 24 years ago, at a time the airplane still was a novelty to most of us, you must agree that the board of governors and officers of the Society of Automotive Engineers were indeed far-sighted.

The wisdom of this move has become especially apparent to me in the past 4 months. During that time it has been my duty and my privilege to be in close touch with several automobile companies who are about to take on major subcontracts for aircraft manufacturers, and with a great number of automotive parts companies who, too, will play a big part in this new program.

Let there be no mistake about the undertaking ahead. It has been my observation that the automobile industry is approaching this giant task with all humility and respect, and that the relationship that has developed between automotive manufacturers and aircraft manufacturers is a cordial and healthy one.

The present cooperation between the aeronautic and automotive groups is, in the words of John Warner, Society of Automotive Engineers manager, "right down our alley." In other words, the society's organization is already well set up and functioning for this very purpose. You only have to look at our aircraft, our aircraft engine and other specialized groups, which function along engineering lines with our automobile, truck and bus, fuel and lubricants divisions, to realize the fine family relationship which exists between the men whose allied interests make them congenial and cooperative.

Though most of us have long know this was so, the general public is just beginning to realize this fact. However, the realization is steadily growing. Already five automotive companies are gearing their large facilities to the production of airplane engines, thus giving assistance to the aircraft industry, which is badly in need of these facilities to handle the huge assignment imposed upon it.

In addition—and what a tremendous addition it is—the automotive industry is going to supply parts and assemblies for thousands of bombers.

This is the phase of the defense work with which I have been closely associated in recent months, as managing director of the Automotive Committee for Air Defense.

SUMMARY OF WORK OF COMMITTEE

I welcome this opportunity to summarize the work of this committee:

Last October, William S. Knudsen, then production chief of the National Defense Advisory Commission and now Director General of the Office of Production Management, called a meeting of leaders of the automotive industries, including car, truck, body, tool, and parts manufacturing companies. About 100 top men of the automotive industries, sitting with Army, Navy, and Defense Commission officials, listened to Mr. Knudsen ask them to undertake the huge program of manufacturing bomber parts, subassemblies, and assemblies. These industrial leaders responded unanimously to the appeal, and immediately the Automotive Committee for Air Defense was organized. Within a few days, the committee leased 30,000 square feet of floor space in the Graham-Paige automobile plant on the west side of Detroit. Here offices were established, an exhibit with major sections from two bombers was set up, and a staff of technical experts were employed to advise manufacturers on problems involved in aircraft work.

Our first job, then, was an educational one.

We obtained for the display as many separate pieces going into bombers as was possible to secure. Our technical services were made available to all manufacturers, whether in the automotive industry or outside it, who had machinery, personnel, a pool of labor, and floor space which might be used to assist in the production of Army bombers.

The cooperation of the men in industry was literally amazing. Up to this date, more than 1,900 different executives, engineers, and production men, representing 1,067 companies, have visited the exhibit and conferred with our technical staff in order to determine how they might help in this great defense program. Time and time again, many of these men have come back—to study the parts closely to determine whether their own facilities were equal to the task.

Throughout this period we have had the aid and advice of the U. S. Army Air Corps, who have had offices adjoining ours from the start. Without the assistance of Maj. James H. Doolittle and others of the Air Corps staff, our job would have been much more difficult, if not impossible.

NEED FOR MATERIALS, SERVICES IN BOMBER MANUFACTURE

Just why was the automobile industry asked to undertake this bomber-parts program?

I believe I can quickly illustrate why there was a need for additional facilities, such as the automotive industry can furnish, to take some of the load off the greatly expanded aircraft industry. While the large producers of bombers have worked miracles in the past 15 months, yet there still existed a need for more machinery, more materials, more management—and the automotive industry is the greatest reservoir for these facilities. For a typical example of what the aircraft producers were up against, consider the case of one aircraft organization:

In January 1940—slightly more than a year ago—this aircraft company had less than 5,000 men employed. Today it has nearly 20,000 employees, and that number is expected to be doubled before the year's end. Last year it had 500,000 square feet of floor space. Today it is using 1,500,000 square feet of floor space and another million square feet will soon be ready for occupancy. Within a span of 2 years, then, this company will have multiplied its floor space by more than five and its employees by eight.

So it soon became evident to defense officials and the Air Corps that one of the biggest contributions that the automotive industry could offer was the services of its executive personnel in production planning, in purchasing, and in the follow-up of purchasing to assure the steady flow of materials.

The automotive industry, because of the great volume of passenger cars and trucks which it produces for the Nation's needs, has led the world in industrial organization and scheduling. Consequently, it was to the major producers of motor vehicles that we turned for major assistance.

PLACING OF BOMBER PRODUCTION

Now, after 4 months of organizational effort, during which time we have surveyed the facilities of 800 factories as to the availability of necessary equipment, the Automotive Committee for Air Defense can make its final report as to where this bomber production has been placed.

For the program, the Army selected three bombers; the B–24D, four-motor bomber, designed and now being manufactured by the Consolidated Aircraft Corporation; the B–25, two-motored bomber designed and now under production by the North American Aviation Co., and the B–26, two-motored bomber designed by and now being produced in quantities by the Glenn L. Martin Co. To the Ford Motor Co. has been allocated the production of parts and assembles of the B–24D, with the assistance of their suppliers, to be shipped to two new assembly plants, owned by the U. S. Army; one at Fort Worth, Tex., to be operated by Consolidated, and the other at Tulsa, Okla., to be operated by the Douglas Aircraft Co. The Ford Motor Co. is about to build a new $11,000,000 plant in which it will build air-frame assemblies for this bomber, and the Ford company believe that it will be possible to have this plant in production before the end of this year. This plant will produce wings, fuselages, noses, and stabilizer assemblies on a moving production line which it is believed will prove to be unique in the aviation industry. Already 70 Ford engineers and designers are at San Diego cooperating with the Consolidated Aircraft Co.'s organization, working out methods to speed volume production.

The immediate plan is for Ford to build 600 sets of assemblies for the Consolidated B–24D long-range, four-motor bomber, and the same number for the Douglas Aircraft Co. Production early next year is expected to reach 50 complete assemblies per month for each company. This huge new plant will be located near Ypsilanti, Mich. The first section will be 800 feet wide and 300 feet deep; behind this will be another section 1,200 feet long and 400 feet wide, and if the Government decides to assemble complete planes in this plant, the building will be extended to house an assembly line a mile and a quarter long.

All of this production is in addition to the orders already placed with Consolidated at San Diego. So the Ford Motor Co. will call on all of their suppliers for assistance, and our educational program which collected data from 800 factories, will be made available to that great organization for locating proper suppliers. It is interesting to note how an organization such as this can take on huge programs and parallel them with great defense work already undertaken. For example, at Ford, there is rapidly nearing completion a $21,000,000 airplane-engine plant, for which ground was broken on September 17 for the production of Pratt & Whitney engines which Ford states will be produced at a rate of one per hour.

These are 18 cylinder, double-row radial engines of two types, one developing 1,850 horsepower and the other 2,000. In order to get ready for this job, an Aircraft Apprentice School, equipped to train 2,000 students at one time, is being established. This same company has built its own magnesium-alloy foundry, which is already in partial production. This foundry will probably be the largest magnesium-alloy foundry in the world, capable of supplying 110,000 pounds of light-weight castings a month. A complete U. S. Navy service school to train navy recruits in technical duties is in operation in the heart of the great Ford River Rouge plant, all provided and equipped by Henry Ford at no expense to the Government.

GENERAL MOTORS PRODUCTION

General Motors Corporation have undertaken the production of necessary parts, and assemblies to produce 100 B–25 North American bombers per month in addition to a similar quantity which will be produced by the North American Aviation Co. in their plants in California and Texas. Again the marvelous facilities of a great organization have been put at the command of the Army Air Corps. Ground has been already broken for an assembly plant at Kansas City, which plant will be owned by the United States Army, manned by North American, and all parts and assemblies necessary furnished by General Motors with the help of outside suppliers from coast to coast.

Here, again, we see great defense efforts carried on by a great organization. The far-flung defense assignments of General Motors already total $683,400,000, which means that all manufacturing centers of any size in the Nation will set their industrial wheels rolling as this automotive corporation calls for parts and supplies for a long list of defense products.

General Motors Allison division in Indianapolis, for instance, is turning out 350 liquid-cooled engines a month, with a production rate several times that number expected soon. Its Buick division is now breaking ground in Chicago for a plant which will have a capacity of 500 Pratt & Whitney radial engines per month. Anderson, Ind., watch a new aluminum foundry rise in 12 weeks, to alleviate a bottleneck in airplane castings. In Rochester, production is beginning on airplane control and instrument equipments. Cleveland is sending submarine engines and other propulsion engines to the Navy from General Motors Diesel engine division. In four cities, construction work is going forward and new machinery is being installed for the production of machine guns, slated for delivery in the latter half of this year. Other General Motors plants are tooling up for production of 75– and 105–millimeter shells, cartridge cases, and fuses.

At the great Glenn L. Martin plant at Baltimore are now being produced 100 bombers per month and before the year is over, the majority of the facilities of this plant will be turned largely to the production of that marveloys engineering fighting machine, known as the Martin B–26. In order that additional facilities might be made available to parallel this production, ground has been broken at Omaha for an Army plant to be managed by the Glenn L. Martin Co., and the parts and assemblies for this plant will be furnished by three automotive organizations.

CHRYSLER PRODUCTION

For the manufacture of the fore and mid fuselage section of this bomber, the Chrysler Corporation has made available some 600,000 square feet of floor space in order that they may play an important part in the program to expand the production of Martin bombers. A complement of able and experienced manufacturing executives, drawn from the Chrysler's regular staff has for some months been making a special and intensive study of the problems before them in this work. The Chrysler Corporation has therefore been designated to serve as a subcontractor to the Glenn L. Martin Co. for the shipment of these parts to Omaha.

Before this task was handed to Chrysler, they had already received defense orders for nearly 60,000 vehicles of various descriptions, some of them of highly specialized types, a substantial part of which has already been shipped. Work on a great tank arsenal for which a contract was awarded last August, is proceeding on schedule. Seven hundred thousand square feet of new buildings for that purpose is now under roof and machinery is now being installed. When you remember that it requires 1,000 man-hours to build the transmission alone for a 25-ton tank, you realize the immensity of Chrysler's tank job. This organization has undertaken a number of special engineering assignment such as the conversion of foreign machine guns to American standards, and they are now preparing a proposal at the Government's request to manufacture these guns in substantial quantities. Orders for shells, shell cases, bomb fuses, and field kitchens are under way. The Air Corps is interested in a new "in-line" liquid-cooled airplane motor designed by Chrysler engineers which they hope will contribute to the development of the art of aircraft motor design. The management of the Chrysler Corporation wants that corporation to be in readiness to cooperate at all times with the defense program to the extent that their resources and capabilities permit. Chrysler Corporation is in full agreement with the Government's policies of farming out subcontracts for defense work to as many smaller manufacturers as is practical in order that the full resources of this country may be applied to meet the present emergency.

GOODYEAR PARTICIPATION

Goodyear Tire & Rubber Co. is participating in a large way in the production of parts and assemblies for the Martin B–26 bomber. Goodyear already has 1,000 engineers and production men working on bomber parts. They are, at the present time, using 300,000 square feet of floor space at their plant in Akron, Ohio, and this program is being advanced steadily, so that by the latter part of this year, Goodyear will be employing 8,000 men on aircraft production work, utilizing about 1,000,000 square feet of floor space. Goodyear entered this highly technical phase of fighting plane production with 25 years of experience in the fabrication of light aircraft metals. To Goodyear has been allocated the production of complete wings and all tail surfaces for the Martin B–26. They are also building wings and tail surfaces for the Consolidated PB–2Y3. Mr. P. W. Litchfield, chairman of the board of the Goodyear Tire & Rubber Co., says, "I believe that the command of the air is the most vital need in connection with national defense, and we are giving this work priority over any other business."

HUDSON PRODUCTION

To the Hudson Motor Car Co. has recently been allocated the aft section of the fuselage for the Martin B–26. For several months, the Hudson Co. have been building an organization of aircraft experts. They are already building ailerons for another company. They have already taken on work for Wright Aeronautical totaling several millions of dollars. A new Navy contract is under way, and $15,000,000 in Government defense contracts will be under production at Hudson before the end of 1941.

Let's not lose sight of the fact that each motor vehicle manufacturer is playing his part—a big part—in this defense program. Right now the industry is shipping 13,000 military vehicles a month to the Army. That's just one task the industry has shouldered. Before the end of the year, it will have 150,000 men, exclusive of those assigned to the bomber program, working on defense production. But to conclude my report on the automobile industry's participation on the bomber program, here is my final chapter:

The automotive committee for air defense, a voluntary organization, elected by various groups of automotive industry, has played an important part in the education of automotive engineers and production men to prepare them for the huge production job which lies before us. The cooperation from all sources has been spontaneous and enthusiastic. No one has refused to do anything asked of him, and the staff of this committee has assisted every automotive manufacturer to the extent of its ability. We were organized for a definite purpose to assist in the allocation of this huge bomber program to the automotive industry, but aircraft manufacturers quickly found out that 8505 West Warren, Detroit, was a place where they could get assistance on production already under way prior to the bomber program for which the committee was organized, so at least $1,000,000 of machine shop and die business has been placed in the automotive industry through the efforts of this committee. Present production has been speeded up by just that much.

The United States Army Air Corps now has leased additional space at our location where, under the direction of Maj. J. H. Doolittle and a very competent staff of Air Corps executives, the inspection section, the priorities division, and the plant production division is being rapidly organized.

It's great to be an American. It's wonderful to live in America where men are free. It has been a great experience to observe automotive engineers and production executives tackle the job of learning "how" in order that aircraft production could drive rapidly ahead.

I want to live to see the bomber seeds, which we have been sowing, sprout and develop and take to the air in order that the aircraft supremacy of the United States of America may be supreme and in order that every possible assistance may be given to that great, brave country, Great Britain, our first line of defense.

I want to live to see democracy survive in America and in Great Britain and in all other parts of the world where democracy is desired and deserved.

I want to live to see all "isms" except Americanism disappear from the hearts and minds of our citizens.

I want to live to see whether or not some of the precision tolerances now required by the aircraft industry are reflected in the automobile of 1945, and to see the results of the mass production methods of the automotive industry reflected in the aircraft of 1943.

I have been a member of the Society of Automotive Engineers for more than 25 years and I ask very little other than I live to be its oldest member.

STATEMENT BY ROBERT W. CONDER, DIRECTOR OF LABOR RELATIONS, CHRYSLER CORPORATION

We expect to be able to recruit substantially all employees necessary for our defense program from among our employees of the automobile plants. So far we have been able, in the great majority of instances, to place the employee transfered on defense work similar to that previously performed by him in the automobile plants, so little training prior to placing him on the defense job has been necessary. Based on our present defense contracts, we expect to continue this procedure where possible, and in all instances give such training as the employees selected require to do the defense work. The time we obtain machinery, equipment, materials, engineering data, and other pertinent data affects not so much the location of employment opportunities but the prospective levels of employment opportunities, in that we cannot start defense production involving the placing of workers on the same until these things have been obtained.

1. Employment applicants, Chrysler Corporation, summary of Detroit plants, July 1, 1940, through June 30, 1941

Month	Total number of applicants	Females	Colored	Nonresidents	Detroit residents	Total number of applications taken
1940:						
July	3,437	244		161	3,276	651
August	11,882	985		490	11,392	2,719
September	51,247	6,006		4,543	46,704	9,063
October	107,909	11,136		7,191	100,718	14,447
November	66,364	7,908		9,976	56,388	8,442
December	25,620	2,012		4,879	20,741	4,569
1941:						
January	44,873	3,587	2,925	7,262	37,611	5,145
February	45,452	4,619	13,180	13,546	31,906	4,966
March	32,462	3,522	8,554	12,949	19,513	4,465
April	12,477	2,321	2,089	4,410	8,067	2,277
May	15,920	2,754	3,319	3,765	12,155	2,711
June	20,506	3,004	3,371	5,249	15,257	5,418
Total	438,149	48,098	[1] 33,438	74,421	363,728	64,873

DODGE MAIN PLANT EMPLOYMENT APPLICANTS, JULY 1, 1940, THROUGH JUNE 30, 1941

1940:						
July	1,820	119		101	1,719	88
August	5,215	546		253	4,962	895
September	25,746	1,944		2,029	23,717	2,838
October	80,552	7,464		4,776	75,776	6,693
November	54,131	6,444		8,765	45,366	4,457
December	17,308	1,296		4,413	12,895	1,350
1941:						
January	34,952	2,091	2,312	5,546	29,406	2,184
February	29,000	2,998	11,97	9,240	19,760	1,016
March	20,304	1,904	7,591	9,448	10,856	531
April	4,988	1,124	1,445	1,972	3,016	195
May	7,226	1,055	1,789	1,154	6,072	885
June	7,604	1,130	1,808	1,227	6,377	1,484
Total	288,846	28,115	[1] 26,915	48,924	239,922	22,616

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[1] Negro applicants were not recorded separately until January 1941. An accurate comparison of the totals in relation to colored applicants cannot be made due to this fact.

1. *Employment applicants, Chrysler Corporation, summary of Detroit plants, July 1, 1940, through June 30, 1941*—Continued

JEFFERSON-KERCHEVAL PLANT EMPLOYMENT APPLICANTS, JULY 1, 1940, THROUGH JUNE 30, 1941

Month	Total number of applicants	Females	Colored	Nonresidents	Detroit residents	Total number of applications taken
1940:						
July	124	10	------------	2	122	69
August	2,645	207	------------	120	2,525	507
September	7,756	2,194	------------	45	7,711	1,984
October	10,566	2,416	------------	146	10,420	3,358
November	3,171	741	------------	88	3,083	1,715
December	3,344	460	------------	216	3,128	2,079
1941:						
January	4,556	1,145	165	795	3,761	1,866
February	3,912	688	544	1,298	2,614	904
March	3,912	723	518	1,612	2,300	702
April	4,153	682	382	1,588	2,565	1,027
May	5,054	1,213	1,120	1,564	3,490	836
June	3,359	742	669	1,441	1,918	554
Total	52,552	11,221	[1] 3,398	8,915	43,637	15,601

DE SOTO PLANT EMPLOYMENT APPLICANTS, JULY 1, 1940, THROUGH JUNE 30, 1941

1940:						
July	100	4	------------	------------	100	81
August	508	61	------------	------------	508	306
September	5,235	1,497	------------	2,081	3,154	574
October	4,085	593	------------	1,780	2,305	549
November	1,955	256	------------	858	1,097	352
December	753	93	------------	115	638	212
1941:						
January	1,338	215	6	469	869	225
February	2,240	254	59	850	1,390	103
March	1,426	200	69	561	865	146
April	368	72	------------	138	230	90
May	532	92	5	213	319	187
June	650	100	33	280	370	135
Total	19,190	3,437	[1] 172	7,345	11,845	2,960

PLYMOUTH PLANT, EMPLOYMENT APPLICANTS, JULY 1, 1940, THROUGH JUNE 30, 1941

1940:						
July	129	0	------------	0	129	26
August	871	26	------------	12	859	312
September	6,700	122	------------	9	6,691	2,199
October	9,593	523	------------	190	9,403	3,053
November	5,000	467	------------	31	4,969	1,417
December	2,878	163	------------	0	2,878	683
1941:						
January	2,110	136	328	245	1,865	375
February	4,010	375	325	1,496	2,514	1,003
March	1,490	150	100	700	790	290
April	1,260	195	125	575	685	169
May	1,350	196	230	500	850	183
June	2,070	411	395	708	1,362	210
Total	37,461	2,764	[1] 1,503	4,466	32,995	9,920

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[1] Negro applicants were not recorded separately until January 1941. An accurate comparison of the totals in relation to colored applicants cannot be made due to this fact.

1. *Employment applicants, Chrysler Corporation, summary of Detroit plants, July 1, 1940, through June 30, 1941*—Continued

HIGHLAND PARK PLANT EMPLOYMENT APPLICANTS, JULY 1, 1940, THROUGH JUNE 30, 1941

Month	Total number of applicants	Females	Colored	Nonresidents	Detroit residents	Total number of applications taken
1940:						
July	1,264	111		58	1,206	387
August	2,643	145		105	2,538	699
September	5,810	259		379	5,431	1,468
October	3,113	140		299	2,814	794
November	2,107	0		234	1,873	501
December	1,337	0		135	1,202	245
1941:						
January	1,917	0	114	207	1,710	495
February	5,111	273	257	422	4,689	834
March	2,951	486	221	294	2,657	511
April	1,708	248	137	137	1,571	796
May	1,758	198	175	334	1,424	620
June	2,341	201	205	645	1,696	873
Total	32,060	2,061	[1] 1,109	3,249	28,811	8,223

TANK ARSENAL PLANT EMPLOYMENT APPLICANTS, JULY 1, 1940, THROUGH JUNE 30, 1941

1941:						
January						
February	1,179	31	25	240	939	1,106
March	2,379	59	55	334	2,045	2,285
April						
May						
June	3,098	139	248	817	2,281	1,197
Total	6,656	229	328	1,391	5,265	4,588

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[1] Negro applicants were not recorded separately until January 1941. An accurate comparison of the totals in relation to colored applicants cannot be made due to this fact.

NOTE.—Reports were not submitted for January, April, and May.

WARREN AVENUE PLANT

June 1941	1,384	281	13	131	1,253	965

NOTE.—Employment activities were not organized until June 1941.

2. *Job classification of employment applicants, Chrysler Corporation, Detroit plants, 5-month period, Feb. 1, 1941, through June 30, 1941*

General classifications	February	March	April	May	June	Total
I. MALE						
Apprentices	1,209	975	645	766	611	4,206
Clerical	906	669	644	639	951	3,809
Inexperienced	12,092	7,217	1,809	4,083	4,267	29,468
Inspection				118	391	509
Maintenance	947	717	538	396	660	3,258
Metal finishers and polishers	1,049	795	664	499	444	3,451
Painters and trimmers				160	497	657
Production machine operators	1,179	907	1,246	727	1,361	5,420
Production machine repairmen				32	196	228
Press operators	4,383	2,146	1,990	1,140	661	10,320
Supervision				22	71	93
Tool and die workers	206	128	222	81	192	829
Welders	4,201	2,113	2,107	1,152	777	10,350
Miscellaneous	14,752	10,082	5,130	4,226	6,065	40,255
Total male applicants	40,924	25,749	14,995	14,041	17,144	112,853

NOTE.—Figures for this 5-month period are given as representative of the types of work applicants have requested or for which they seemed best suited. Inspectors, painters and trimmers, production machine repairmen and supervision classifications were not recorded separately until May 1941.

2. *Job classification of employment applicants, Chrysler Corporation, Detroit plants, 5-month period, Feb. 1, 1941, through June 30, 1941*—Continued

General classifications	February	March	April	May	June	Total
II. FEMALE						
Factory workers	3,815	3,474	2,379	2,402	2,347	14,417
Clerical	268	284	291	189	224	1,256
Stenographers	192	128	91	70	121	602
Typists	208	246	185	144	198	981
Office machine operators	93	90	32	34	25	274
Total female applicants	4,576	4,222	2,978	2,839	2,915	17,530
Grand total	45,500	29,971	17,973	16,880	19,448	129,772

Employment applicants, Chrysler Corporation, Detroit plants, Sept. 8, 1941, through Sept. 15, 1941

Plants	Total number of applicants	Females	Colored	Nonresidents	Detroit residents	Total number of applications taken
Dodge units	678	167	118	163	515	30
Jefferson Kercheval	252	51	44	144	108	18
De Soto	189	26	10	52	137	42
Plymouth	260	30	25	75	185	75
Highland Park	490	51	36	64	426	153
Tank Arsenal	1,291	38	44	265	1,026	1,242
Warren Avenue	431	63	7	6	425	101
Total	3,591	426	284	769	2,822	1,661

Job classifications of employment applicants, Chrysler Corporation, Detroit plants, for the period Sept. 8, 1941, through Sept. 15, 1941

General classifications	Dodge units	Jefferson Kercheval	De Soto	Plymouth	Highland Park	Tank Arsenal	Warren Avenue	Total
I. MALE								
Clerical	76	18	3	1	33	38	8	177
Inexperienced	142	109	59	45	63	189	31	638
Inspection	2	4	5	15	7	26	11	70
Maintenance	15	1	2	5	28	85	3	139
Metal finishers and polishers	3	21	1	25	4	32	17	103
Painters and trimmers	8	0	0	15	5	0	9	37
Production machine operators	89	0	11	3	45	253	21	422
Production machine repairmen	6	0	1	3	0	1	1	12
Press operators	2	0	8	30	16	48	22	126
Supervision	0	0	0	0	0	1	16	17
Tool and die workers	1	0	13	3	5	18	9	49
Welders	7	0	5	25	18	84	33	172
Miscellaneous	160	48	55	60	215	478	187	1,203
Total male applicants	511	201	163	230	439	1,253	368	3,165
II. FEMALES								
Factory workers	103	47	26	30	5	18	29	258
Clerical	27	0	0	0	16	1	4	48
Stenographers	8	4	0	0	6	2	11	31
Typists	29	0	0	0	22	17	18	86
Office machine operators	0	0	0	0	2	0	1	3
Total female applicants	167	51	26	30	51	38	63	426
Grand total	678	252	189	260	490	1,291	431	3,591

3. States represented by out-of-town applicants, Chrysler Corporation, Detroit plants, Sept. 8 through Sept. 15, 1941

States	Dodge units	Jefferson Kercheval	De Soto	Plymouth	Highland Park	Tank Arsenal	Warren Avenue	Total
Michigan (outside Detroit area)	58	41	23	20	17	129	0	248
Tennessee	21	24	6	10	6	6	0	73
Illinois	16	7	2	10	8	25	0	68
Kentucky	9	28	2	10	2	10	2	63
Ohio	12	14	4	5	7	14	0	56
Pennsylvania	6	20	5	0	3	13	0	47
Indiana	5	2	2	0	7	12	0	28
New York	11	0	1	0	2	1	2	17
Wisconsin	1	2	4	3	3	4	0	17
Arkansas	5	2	0	5	0	4	0	16
Minnesota	0	3	0	2	0	11	0	16
Missouri	1	6	0	0	1	3	2	13
South Carolina	0	1	0	8	1	2	0	12
Alabama	1	9	1	0	0	1	0	12
Georgia	1	5	0	0	2	2	0	10
North Carolina	0	5	0	0	1	3	0	9
West Virginia	0	5	0	0	0	3	0	8
Florida	2	0	1	0	1	3	0	7
Iowa	1	1	0	0	0	4	0	6
Kansas	3	3	0	0	0	0	0	6
Nebraska	0	0	0	0	0	6	0	6
Texas	2	2	0	0	0	0	0	4
California	1	0	0	0	1	1	0	3
Connecticut	0	0	0	2	0	1	0	3
New Jersey	0	0	0	0	1	2	0	3
North Dakota	3	0	0	0	0	0	0	3
South Dakota	2	0	0	0	0	1	0	3
Virginia	0	1	0	0	0	1	0	2
Wyoming	0	2	0	0	0	0	0	2
Colorado	0	0	0	0	0	1	0	1
Louisiana	0	1	0	0	0	0	0	1
Montana	0	1	0	0	0	0	0	1
Oklahoma	1	0	0	0	0	0	0	1
Vermont	0	0	0	0	1	0	0	1
Canada	0	0	1	0	0	2	0	3
Mississippi	2	0	0	0	0	0	0	2
Total	164	185	52	75	64	265	6	771

4. Hires, Chrysler Corporation, Detroit plants, August 1, 1940, through July 31, 1941

Month	Dodge main	Dodge truck	Dodge forge	Amplex	Jefferson	Kercheval	De Soto	Plymouth	Highland Park	Tank arsenal	Warren Ave.	Total
1940												
August	182	2	7	16	142	2	24	33	353	-------	-------	761
September	1, 122	344	82	13	992	1, 016	359	936	654	-------	-------	5, 518
October	3, 275	305	52	20	1, 012	503	250	344	368	-------	-------	6, 129
November	862	516	19	8	425	155	37	223	82	32	-------	2, 359
December	216	35	16	12	241	50	6	75	292	37	-------	980
1941												
January	135	103	29	43	124	47	6	78	481	31	8	1, 085
February	260	156	3	19	158	62	7	58	175	75	10	983
March	143	149	10	41	171	30	2	16	77	142	8	789
April	67	474	2	2	286	300	100	2	154	302	15	1, 704
May	74	175	5	4	210	118	105	307	149	431	19	1, 597
June	132	91	11	11	39	13	73	130	165	375	44	1, 081
July	75	9	3	10	19	7	38	25	154	602	67	1, 009
Total	6, 543	2, 359	239	199	3, 819	2, 303	1, 007	2, 227	3, 104	2, 027	171	23. 998

5. Separations, Chrysler Corporation, Detroit plants, Aug. 1, 1940, through July 31, 1941

Month	Dodge main	Dodge truck	Dodge forge	Amplex	Jefferson	Kercheval	De Soto	Plymouth	Highland Park	Tank arsenal	Warren Ave.	Total
1940												
August	379	1, 209	10	14	112	134	35	213	72	-------	-------	2, 178
September	435	75	13	8	121	79	50	291	153	-------	-------	1, 225
October	568	39	24	4	224	211	112	205	307	-------	-------	1, 694
November	495	57	10	11	194	180	127	234	122	-------	-------	1, 430
December	776	50	20	4	257	192	227	194	106	-------	-------	1, 826
1941												
January	847	78	20	10	317	231	143	195	216	-------	-------	2, 057
February	930	77	15	14	256	184	80	215	203	-------	-------	1, 974
March	3, 498	459	87	14	344	272	127	772	363	12	-------	5, 948
April	861	101	31	32	128	51	113	267	288	18	-------	1, 890
May	790	136	21	38	423	206	120	575	193	48	-------	2, 550
June	1, 079	122	25	36	364	263	128	1. 669	254	68	----	4, 008
July	15, 090	136	187	9	2, 067	3. 014	1, 640	7, 086	260	74	2	29, 565
Total	25. 748	2, 539	463	194	4, 807	5, 017	2, 902	11, 916	2. 537	220	2	56, 345

6. Number of employees for past 12 months segregated according to whether employed on defense or nondefense production, salary and hourly employees, Chrysler Corporation, Detroit plants

	Number of employees, defense production	Number of employees, nondefense production	Combined total employees
1940			
September	7, 072	55, 112	62, 184
October	7, 564	60, 705	68, 269
November	8, 161	61, 541	69, 702
December	8, 829	61, 025	69, 854
1941			
January	9, 003	61, 176	70, 179
February	9, 182	61, 212	70, 394
March	9, 115	57, 265	66, 380
April	10, 170	56, 693	66. 863
May	10, 903	57, 047	67, 950
June	11, 292	55, 729	67, 021
July	12, 101	30, 264	42, 365
August	14, 825	46, 593	61, 418

NOTE.—All employees engaged on truck work have been included in defense production in conformance with instructions of Michigan Unemployment Compensation Commission that such employees be considered defense workers. This report cannot be entirely accurate due to the fact that some employees divide their time between defense and nondefense work, and some employees at the truck plant devote their time to the production of civilian trucks.

7. Estimated number of employees required for coming 12 months on defense and nondefense production, salary and hourly employees, Chrysler Corporation, Detroit plants

	Number of employees, defense production	Number of employees, nondefense production	Combined total employees
1941			
September	17, 522	46, 456	63, 978
October	18, 061	46, 699	64, 760
November	19, 016	44, 960	63, 976
December	20, 090	32, 317	52, 407
1942			
January	22, 315	32, 177	54, 492
February	23, 591	32, 152	55, 743
March	24, 785	31, 138	55, 923
April	25, 394	31, 138	56, 532
May	25, 928	31, 103	57, 031
June	26, 682	30, 286	56, 968
July	27, 257	30, 286	57, 543
August	27, 654	30, 286	57, 940

NOTE.—All employees engaged on truck work have been included in defense production in conformance with instructions of Michigan Unemployment Compensation Commission that such employees be considered defense workers. This report cannot be entirely accurate due to the fact that some employees divide their time between defense and nondefense work, and some employees at the truck plant devote their time to the production of civilian trucks.

8. Transfers from nondefense to defense work for the past year, salary and hourly employees, Chrysler Corporation, Detroit plants

1940—September	1, 568
October	1, 159
November	375
December	298
1941—January	37
February	114
March	234
April	376
1941—Continued	
May	529
June	337
July	1, 174
August	2, 411
Total	8, 612

NOTE.—All truck plant employees are considered as transfers to defense activities in conformance with instructions of Michigan Unemployment Commission that such employees be considered defense workers.

This report cannot be entirely accurate due to the fact that some employees divide their time between defense and nondefense work, and some employees at the truck plant devote their time to the production of civilian trucks.

STATEMENT BY R. I. ROBERGE, OFFICE OF EDSEL FORD, FORD MOTOR CO.

ANALYSIS OF INDUSTRY

The following tabulations have been made from employees' record cards as requested:

Tables showing 1,000 employees represent employees picked at random from the record files.

Tables showing 1,500 employees represent employees whose records show place of birth to be other than Detroit only.

(a) Last previous employment of Ford Motor Co. employees

	Place of last employment	Number of employees
Detroit	1	760
Michigan less than 100 miles from Detroit	2	117
Rest of Michigan	3	32
Others	4	90
Total		999

	Place of last employment	Number of employees
Michigan less than 100 miles from Detroit	2	272
Rest of Michigan	3	87
Others	4	1, 141
Total		1, 500

	Industry of last employment	Number of employees
Automobile	1	315
Agricultural	2	17
Others	3	667
Total		999

	Industry of last employment	Number of employees
Automobile	1	162
Agricultural	2	155
Others	3	1, 183
Total		1, 500

	Industry of last employment before rehire	Number of employees
Automobile	1	498
Agricultural	2	5
Others	3	156
Total		659

	Industry of last employment before rehire	Number of employees
Automobile	1	827
Agricultural	2	11
Others	3	155
Total		993

	No. of employees
Male	1, 000
Marital status:	
Married	714
Single	277
Widowed	9
Total	1, 000

	No. of employees
Male	1, 497
Female	3
Total	1, 500
Marital status:	
Married	1, 170
Single	307
Widowed	22
Divorced	1
Total	1, 500

(b) *Origins of employees of Ford Motor Co., from records selected at random*

1,000 EMPLOYEES

State or country of birth	Number of employees	State or country of birth	Number of employees
Alabama		23Michigan	330
Argentina		1Minnesota	7
Arizona		1Mississippi	16
Arkansas		14Missouri	14
Armenia		6Montana	1
Austria		3North Carolina	4
Belgium		2North Dakota	1
Bohemia		1New Jersey	3
California		1New York	18
Canada		58Norway	1
Colorado		3Ohio	25
Connecticut		2Oklahoma	3
Czechoslovakia		2Pennsylvania	61
Denmark		1Poland	42
District of Columbia		2Portugal	1
England		27Rumania	10
Florida		5Russia	9
Georgia		26Scotland	18
Germany		20South Carolina	9
Greece		3South Dakota	2
Holland		2Spain	1
Hungary		12Sweden	3
Illinois		25Syria	5
Indiana		13Tennessee	14
Iowa		9Texas	6
Ireland		9Turkey	4
Italy		43Ukraine	1
Kansas		5Virginia	3
Kentucky		23Washington	1
Lithuania		6West Virginia	9
Louisiana		4Wisconsin	10
Maryland		1Wyoming	1
Maine		3Yugoslavia	5
Massachusetts		5	
Mexico		1	1,000

(c) *Origins of Ford Motor Co. employees, from records showing place of birth other than Detroit*

1,500 EMPLOYEES

State or country of birth	Number of employees	State or country of birth	Number of employees
Alabama	69	North Dakota	6
Arkansas	32	New Hampshire	4
California	2	New Jersey	10
Colorado	6	New Mexico	3
Connecticut	6	New York	71
District of Columbia	1	Nebraska	8
Florida	11	Ohio	164
Georgia	55	Oklahoma	14
Illinois	121	Oregon	1
Indiana	92	Pennsylvania	201
Iowa	26	Rhode Island	5
Kansas	19	South Carolina	22
Kentucky	105	South Dakota	5
Louisiana	17	Tennessee	104
Massachussets	24	Texas	17
Maryland	12	Virginia	24
Maine	9	Vermont	6
Minnesota	33	West Virginia	34
Mississippi	33	Washington	2
Missouri	63	Wisconsin	31
Montana	4		
North Carolina	28		1,500

(*d*) *Age of Ford Motor Co. employees*

1,000 EMPLOYEES[1]

Date of birth	Number of employees	Date of birth	Number of employees	Date of birth	Number of employees
1867	1	1889	19	1908	23
1868	1	1890	21	1909	22
1870	2	1891	24	1910	26
1871	3	1892	37	1911	18
1872	3	1893	23	1912	29
1873	3	1894	2	1913	21
1875	5	1895	26	1914	1
1876	6	1896	30	1915	33
1878	5	1897	23	1916	27
1879	7	1898	26	1917	43
1880	6	1899	22	1918	17
1881	11	1900	34	1919	19
1882	8	1901	28	1920	39
1883	15	1902	19	1921	33
1884	2	1903	31	1922	28
1885	11	1904	1	1923	7
1886	24	1905	30	Total	1,000
1887	27	1906	34		
1888	18	1907	26		

1,500 EMPLOYEES[2]

Date of birth	Number of employees	Date of birth	Number of employees	Date of birth	Number of employees
1863	1	1886	17	1906	40
1867	2	1887	31	1907	47
1868	5	1888	25	1908	44
1869	1	1889	42	1909	37
1870	1	1890	24	1910	28
1871	2	1891	31	1911	25
1872	2	1892	35	1912	27
1873	4	1893	29	1913	42
1874	4	1894	47	1914	37
1875	8	1895	48	1915	39
1876	7	1896	57	1916	20
1877	5	1897	51	1917	32
1878	10	1898	53	1918	17
1879	9	1899	41	1919	23
1880	7	1900	55	1920	20
1881	14	1901	52	1921	32
1882	10	1902	44	1922	22
1883	13	1903	42	1923	2
1884	15	1904	54		
1885	21	1905	47	Total	1,500

[1] From records taken from files at random.
[2] From records of employees showing place of birth other than Detroit.

(*e*) *Age of Ford Motor Co. employees when hired*

1,000 EMPLOYEES[1]

Age when hired	Number of employees	Age when hired	Number of employees	Age when hired	Number of employees
14	1	31	22	47	8
16	2	32	20	48	4
17	4	33	17	49	8
18	82	34	30	50	5
19	98	35	25	51	1
20	51	36	24	52	4
21	77	37	21	53	2
22	60	38	20	54	1
23	63	39	16	55	3
24	49	40	12	56	1
25	35	41	10	57	1
26	25	42	14	60	1
27	39	43	10	61	1
28	43	44	9	65	1
29	30	45	8		
30	34	46	8	Total	1,000

[1] From records taken from files at random.

(e) *Age of Ford Motor Co. employees when hired*—Continued

1,500 EMPLOYEES[1]

Age when hired	Number of employees	Age when hired	Number of employees	Age when hired	Number of employees
16	4	32	52	48	13
17	5	33	50	49	7
18	44	34	31	50	3
19	68	35	42	51	3
20	78	36	29	52	5
21	131	37	35	53	1
22	115	38	27	54	4
23	89	39	23	55	4
24	78	40	14	56	1
25	82	41	12	57	1
26	72	42	19	58	1
27	76	43	19		
28	75	44	14	Total	1,500
29	39	45	12		
30	61	46	13		
31	38	47	10		

[1] From records of employees showing place of birth other than Detroit.

(f) *Length of employment, Ford Motor Co.*

1,000 EMPLOYEES[1]

Year hired	Number of employees	Year hired	Number of employees	Year hired	Number of employees
1908	1	1921	2	1932	28
1910	3	1922	58	1933	4
1912	2	1923	76	1934	54
1913	6	1924	17	1935	67
1914	2	1925	50	1936	66
1915	12	1926	4	1937	38
1916	28	1927	11	1938	13
1917	4	1928	106	1939	67
1918	16	1929	28	1940	77
1919	32	1930	17	1941	65
1920	21	1931	25	Total	1,000

1,500 EMPLOYEES[2]

Year hired	Number of employees	Year hired	Number of employees	Year hired	Number of employees
1913	12	1924	54	1934	51
1914	2	1925	108	1935	83
1915	14	1926	9	1936	76
1916	30	1927	12	1937	37
1917	4	1928	229	1938	3
1918	11	1929	57	1939	98
1919	58	1930	5	1940	87
1920	38	1931	10	1941	121
1922	52	1932	17		
1923	216	1933	6	Total	1,500

[1] From records taken from files at random.
[2] From records of employees showing place of birth other than Detroit.

(*g*) *Duration of reemployment, Ford Motor Co.*

Year of first rehire	Number of employees
1916	1
1922	2
1923	4
1924	2
1925	4
1027	6
1928	6
1929	4
1930	4
1931	148
1932	59
1933	79
1934	101
1935	52
1936	36
1937	9
1938	23
1939	65
1940	13
1941	25
Total	643

Year of first rehire	Number of employees
1920	2
1922	2
1923	6
1924	7
1925	4
1926	6
1927	4
1928	7
1929	9
1930	13
1931	286
1932	146
1933	110
1934	152
1935	71
1936	37
1937	6
1938	24
1939	64
1940	18
1941	28
Total	1,002

Year of second rehire	Number of employees
1924	1
1931	15
1932	12
1933	75
1934	75
1935	27
1936	15
1937	10
1938	8
1939	75
1940	6
1941	28
Total	347

Year of second rehire	Number of employees
1922	1
1924	1
1925	1
1930	1
1931	31
1932	20
1933	137
1934	147
1935	58
1936	26
1937	3
1938	7
1939	120
1940	17
1941	9
Total	579

MISCELLANEOUS STUDIES

Our latest age count was taken September 30, 1937, at which time there were 85,967 employees, and there are approximately that number on the rolls now.

Using this report and allowing for the 3 years elapsed, the following figures would be approximately correct:

Employees	85, 967
Employees 40 years or older	45, 482
Percent of men 40 years or older	$52\frac{9}{10}$

There are 9,800 disabled men employed at the Rouge.

There are now 10 men at the Ypsilanti plant whose ages range from 66 to 80 with an average age of 70 years. The average length of service on these men is 9 years.

We have no figures compiled as to the age of the employees who have been here from 15 to 30 years but the following figures are compiled from a report made March 13, 1939, showing length of service of employees:

Years of service:	Number of employees
15	3, 203
16	1, 220
17	3, 876
18	3, 429
19	97
20	1, 691
21	2, 454
22	1, 096
23	312
24	1, 301
25	844
26	267
27	425
28	185
29	42
30	25
31	29
32	17
33	6
34	1
Total	20, 520

(*a*) *Ages of employees as of Sept. 30, 1937, Ford Motor Co.*

[Includes Rouge, Highland Park, Flat Rock, Northville, Phoenix, Waterford, Plymouth, Nankin Mills, Ypsilanti, Newburg, and Dundee]

Age:	Number of employees
17	3
18	744
19	1, 599
20	1, 876
21	2, 198
22	2, 756
23	2, 815
24	2, 681
25	2, 325
26	2, 034
27	1, 966
28	1, 823
29	2, 069
30	2, 113
31	2, 121
32	2, 044
33	2, 223
34	2, 253
35	2, 299
36	2, 543
37	3, 023
38	2, 342
39	2, 594
40	2, 724
41	2, 871
42	2, 921
43	2, 929
44	2, 575
45	2, 550
46	2, 307
47	2, 421
48	2, 151
49	1, 956
50	1, 681
51	1, 535
52	1, 290
53	1, 179
54	990
55	869
56	777
57	705
58	528
59	386
60	344
61	317
62	244
63	209
64	135
65	138
66	153
67	128
68	108
69	82
70	54
71	40
72	31
73	21
74	22
75	13
76	13
77	9
78	8
79	7
80	5
81	1
82	2
83	1
84	3
Total	85, 967

(b) *Place of birth and citizenship of persons at present employed*

[Includes Rouge, Highland Park, Flat Rock, Northville, Phoenix, Waterford, Plymouth, Nankin Mills, Ypsilanti, Newburg, Dundee, Sharon Mill, Milan, Saline, Milford, Brooklyn, Manchester, and Marine]

	Count as of place of birth	Count by present citizenship
Afghanistan	2	None
Albanian	22	7
Algerian	1	None
American	51,834	73,706
American, colored	10,256	10,256
Arabian	44	17
Argentinian	23	5
Armenian	544	92
Assyrian	2	2
Australian	28	1
Austrian	634	73
Belgian	106	14
Bohemian	28	None
Brazilian	28	7
Bulgarian	92	26
Canadian	3,574	745
Chilean	1	None
Chinese	14	14
Colombian	1	1
Costa Rican	3	None
Croatian	4	None
Cuban	12	2
Czechoslovakian	317	41
Danish	115	9
East Indian	3	3
Egyptian	10	1
English	2,053	358
Estonian	2	1
Filipino	38	4
Finnish	153	10
French	95	14
German	1,076	68
Greek	256	52
Hawaiian	15	None
Hollander	98	5
Honduran	1	1
Hungarian	1,244	233
Indian	43	16
Irish	796	59
Italian	4,820	1,079
Jamaican	15	2
Japanese	4	4
Jugo-Slavian	413	71
Latvian	16	1
Lithuanian	424	68
Maltese	570	163
Mexican	225	157
Newfoundlander	45	3
New Zealander	1	None
Norwegian	101	7
Persian	9	2
Peruvian	4	1
Polish	3,513	556
Puerto Rican	15	3
Portuguese	39	11
Rumanian	808	184
Russian	886	146
Scotch	1,885	259
Spanish	236	96
Swedish	232	21
Swiss	49	6
Syrian	478	126
Turkish	396	143
Ukranian	84	11
Uraguayan	2	1
Welsh	70	3
West Indian	89	30
Total	88,997	88,997

Citizens of United Ssates of America	83,962
Aliens (noncitizens)	5,035
Total	88,997

NOTE.—Salary and office-roll employees not included.

Analysis of working force of the Ford Motor Co.

Year and employees	January	February	March	April	May	June
1937: Production	42,265	41,660	42.002	42,693	41.273	37,402
Nonproduction	38,214	38,109	38,144	38,530	38.911	36,614
1938: Production	13,578	12.592	10.295	11.398	12,053	11.699
Nonproduction	26,525	29.546	29,225	23,538	21,009	21,642
1939: Production	29,426	24,548	22,146	26,960	22,193	23.280
Nonproduction	34,010	31,148	29,997	34,365	32,491	33,836
1940: Production	38,531	34,339	32,886	33,064	28,513	27,715
Nonproduction	40,243	38.842	38,054	39.761	38,810	40,554
1941: Production	34,422	35,612	37,536	20,114	45,746	44.660
Nonproduction	43,331	43,673	44,827	28,904	51,152	51,601

Year and employees	July	August	September	October	November	December
1937: Production	22,343	28.064	27,440	29,093	33.123	26,887
Nonproduction	32,308	33.951	42,177	41,647	40.939	35,859
1938: Production	10,458	8,213	13.695	19,533	21.811	27,977
Nonproduction	21,499	22,294	28,215	31,058	31,553	32,993
1939: Production	23,491	15,233	27,542	35,829	39,041	39,418
Nonproduction	36,087	38,089	39,890	40.104	41,078	41,256
1940: Production	18,421	18,006	29.208	34,307	36,704	33,359
Nonproduction	40,122	38,535	41,322	42,061	44,076	43,199
1941: Production	37,921					
Nonproduction	47,849					

Estimated employment by months

	Defense	Non-defense
September 1941	6, 500	85, 096
October 1941	8, 800	79, 139
November 1941	11, 100	49, 892
December 1941	13, 500	46, 616
Total	39, 900	260, 743

STATEMENT BY H. W. ANDERSON, PRESENTED BY C. E. WILSON, PRESIDENT, GENERAL MOTORS CORPORATION [1]

General Motors Corporation,
Detroit, Mich., September 22, 1941.

Mr. John W. Abbott,
Chief Field Investigator, House Committee Investigating National Defense Migration,
Washington, D. C.

Dear Sir: I am herewith submitting a signed copy of report prepared by H. W. Anderson in response to your several inquiries.

The forecasts have been based upon the present defense contracts of the corporation and the allocations for civilian production. These allocations, are, of course, contingent upon the corporation's ability to secure the needed materials. There is real danger that shortages in supply may force an even greater curtailment in employment for civilian production than that forecast.

For years General Motors has been cooperating with the Army and Navy in the design and manufacture of military material. As a result the corporation has substantial defense contracts which will serve to partially offset the effect of the ordered curtailment in passenger-car business. Although substantial, these defense contracts are not large in proportion to the capacity of the General Motors Corporation to serve in the defense effort.

You will note from Mr. Wilson's talk, in the Problems of Conversion section, that although General Motors normally produces 8 percent of all the durable goods in the United States, the corporation has been able to secure only 4½ percent of similar defense business.

While approximately 40,000 employees throughout the United States are now producing defense materials, and present schedules call for an increase in this employment at the rate of 5,000 a month, this is inadequate to offset the minimum expected decline in employment due to the restriction of the automobile production.

Yours truly,

B. D. Kunkle, *Vice President.*

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[1] On pages following appear excerpts and statistical material from the report, a complete copy of which is held in committee files.

Actual and forecast employment of hourly and salaried General Motors employees in Michigan cities

	Civilian								
	Actual			Forecast					
	1941			1941				1942	
	June 30	July 31	August 31	September 30	October 31	November 30	December 31	March 31	June 30
Bay City	2, 209	2, 177	1, 379	2, 100	2, 100	2, 100	1, 900	1, 900	1, 700
Detroit	36, 789	29, 868	25, 295	28, 900	29, 400	28, 300	25, 400	23, 700	20, 600
Flint	45, 006	43, 727	26, 491	38, 300	40, 000	39, 300	28, 700	26. 000	20, 500
Grand Rapids	2, 978	2, 330	2, 406	2, 100	2, 100	1, 900	1, 900	1, 600	1, 300
Ionia	349	273	265	200	200	200	200	200	100
Lansing	12, 220	11, 766	5, 130	10. 800	11, 100	9, 100	7, 500	6, 800	6, 600
Pontiac	15, 923	15, 198	9, 033	13, 800	14, 300	10, 400	9, 900	10. 000	9. 800
Saginaw	9, 785	9, 479	7, 027	9, 000	9, 000	8, 800	6, 700	7, 300	7, 300
Total	125, 259	114, 818	77, 026	105, 200	108, 200	100. 100	82, 200	77, 500	67, 900

	Defense								
	Actual			Forecast					
	1941			1941				1942	
	June 30	July 31	August 31	September 30	October 31	November 30	December 31	March 31	June 30
Bay City	17	10	41	40	20	30	200	200	400
Detroit	6, 147	6, 753	7, 976	10, 700	11, 500	11. 800	13, 100	10, 200	11, 300
Flint	2, 709	2, 958	3, 578	4, 200	4, 300	4, 500	4, 400	4, 500	4, 800
Grand Rapids	72	123	180	200	200	200	200	200	200
Ionia	--------	--------	--------	--------	--------	--------	--------	--------	--------
Lansing	1, 182	1, 202	1, 281	1. 400	1, 800	2, 100	2, 100	2, 100	2, 100
Pontiac	304	566	696	900	1, 200	1, 400	1, 500	2, 000	3, 000
Saginaw	1, 488	1, 532	2, 004	2, 400	2. 800	2, 800	2, 900	2, 900	2, 900
Total	11, 919	13, 144	15. 756	19, 840	21, 820	22, 830	24. 400	22, 100	24, 700

	Total								
	Actual			Forecast					
	1941			1941				1942	
	June 30	July 31	August 31	September 30	October 31	November 30	December 31	March 31	June 30
Bay City	2, 226	2, 187	1, 420	2, 140	2, 120	2, 130	2, 100	2, 100	2, 100
Detroit	42. 936	36, 621	33, 271	39, 600	40, 900	40, 100	38, 500	33, 900	31, 900
Flint	47, 715	46, 685	30, 069	42, 400	44, 300	43, 800	33, 100	30. 500	25, 300
Grand Rapids	3, 050	2, 453	2, 586	2, 300	2. 300	2. 100	2, 100	1. 800	1. 500
Ionia	349	273	265	200	200	200	200	200	100
Lansing	13, 402	12, 968	6, 411	12. 300	12, 900	11, 200	9, 600	8, 900	8, 700
Pontiac	16, 227	15, 764	9, 729	14, 700	15, 500	11. 800	11, 400	12, 000	12, 800
Saginaw	11, 273	11, 011	9, 031	11, 400	11, 800	11, 600	9. 600	10, 200	10, 200
Total	137, 178	127, 962	92, 782	125, 040	130, 020	122, 930	106, 600	99, 600	92, 600

NOTE.—Includes hourly and salaried employees in manufacturing plants only. Excludes all sales and distribution employees and all service organization employees, such as G. M. A. C., G. E. I. C., United Motors, etc. Excludes Yellow Truck.

The estimates given above are based upon the attached tentative allotment provided by the Office of Production Management for passenger-car production.[1] Truck production was estimated on the basis of 1941 volume. Defense as tabulated includes all known direct and first degree indirect defense production, including civilian type items destined for military establishments, or for further fabrication into items of military equipment. It does not include articles for defense housing or vehicles necessary to transport defense plant workers or other second degree defense production.

The projections of defense employment are based on contracts on hand and under negotiation which have reached the stage where a definite time, place, and quantity of manufacture can be established. The large tank order now under consideration for General Motors is excluded. The Chevrolet contract to produce Pratt & Whitney engines has also been omitted. This will employ about 1,000 additional persons in Detroit, Bay City, and Saginaw by July 1942.

In preparing the projections of employment, the hours of workers on civilian production were based on the principles set forth in C. E. Wilson's letter No. 64 to general managers, attached.[2] Hours varied between plants as dictated by the necessities of balancing production, the amount of automotive type defense business in prospect, and the number of employees with seniority.

Defense employment was projected on expected hours at the time this report was prepared. In some cases the limitations of productive equipment and the exigencies of maximum production necessitated a work week beyond 40 hours, even though there were unemployed General Motors workers in the same city.

The Detroit News reports on September 18 that the United Automobile Workers, Congress of Industrial Organizations has moved to cooperate in four-shift operation of defense plants, proposed by Mr. Wilson on April 30.

This four-shift operation will permit (1) a substantial increase in the total man-hours of work per week on defense production, and (2) shorter shifts in bottleneck operations, which will make it possible to give jobs to a few more men. Considering that bottleneck departments are now averaging 135 hours per week and that a maximum would be 157½, an increase of over 15 percent in weekly hours and in employment seems possible under the four-shift operation.

Location of most recent employment of persons seeking jobs in selected General Motors plants, Sept. 11–17, 1941[1]

Previous employment	Detroit						Flint			
	Cadillac		Gear & Axle		Diesel		Buick		Chevrolet	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Home city							130	59	57	62
Detroit	604	86	87	87	93	77	7	3	1	1
Other Michigan	43	6	8	8	8	6	66	30	16	18
Alabama	2		1	1						
Arkansas	1						2	1	5	6
California	2						2	1	2	2
Florida					1	1				
Georgia					1	1				
Illinois	4	1			2	2	2	1	1	1
Indiana					1	1	2	1		
Iowa					1	1				
Kentucky	10	1	1	1						
Maryland			1	1						
Massachusetts	1									
Minnesota					2	2			1	1

[1] Based on representations of applicants.

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[1] See p. 7340.

[2] See p. 7342.

Location of most recent employment of persons seeking jobs in selected General Motors plants, Sept. 11–17, 1941—Continued

Previous employment	Detroit						Flint			
	Cadillac		Gear & Axle		Diesel		Buick		Chevrolet	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Missouri	2				2	2	6	3	2	2
Nevada	1				1	1				
New Jersey	2									
New York	1				1	1	1		2	2
Ohio	8	1			1	1	1		2	2
Pennsylvania	4	1	1	1	2	2				
South Carolina	2									
South Dakota	2									
Tennessee	9	1			2	2			1	1
Washington	1									
West Virginia					2	2				
Wisconsin									1	1
Canada										
Total	699		99		119		219		91	

Previous employment	Pontiac				Saginaw		Total	
	Pontiac		G. M. Truck		Steering gear			
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Home city	15	34	32	36	158	39	1,222	69
Detroit			20	23	18	4		
Other Michigan	25	52	32	36	216	54	414	24
Alabama							3	
Arkansas			1	1	1		10	1
California							6	
Florida					1		2	
Georgia							1	
Illinois	1	2			2		12	1
Indiana							3	
Iowa			1	1			2	
Kentucky	1	2			1		13	1
Maryland							1	
Massachusetts							1	
Minnesota			1	1			4	
Missouri			1	1			13	1
Nebraska					2		2	
Nevada							2	
New Jersey							2	
New York							5	
North Dakota	1	2					1	
Ohio							12	1
Oklahoma					1		1	
Pennsylvania					1		8	
South Carolina							2	
South Dakota							2	
Tennessee							12	1
Washington							1	
West Virginia					1		3	
Wisconsin							1	
Canada	1	2					1	
Total	44		89		402		1,762	

Allotment of passenger automobile production August 1941 through July 1942

	12-month total	August	September, October, November (each month)	Total first 4 months	December, January (each month)	February, March (each month)	Total second 4 months	April	May	June	July	Total last 4 months
General Motors Corporation:												
Chevrolet	474, 337	24, 620	51, 951	180, 473	45, 175	38, 399	167, 148	38, 399	31, 622	29, 589	27, 106	126, 716
Buick	172, 313	8, 945	18, 872	65, 561	16, 411	13, 949	60, 720	13, 949	11, 488	10, 749	9, 846	46, 032
Pontiac	150, 727	7, 824	16, 508	57, 348	14, 355	12, 202	53, 114	12, 202	10, 048	9, 402	8, 613	40, 265
Oldsmobile	123, 339	6, 400	13, 509	46, 927	11, 746	9, 985	43, 462	9, 985	8, 223	7, 694	7, 048	32, 950
Cadillac	30, 240	1, 570	3, 312	11, 506	2, 880	2, 448	10, 656	2, 448	2, 016	1, 887	1, 727	8, 078
Total, General Motors	950, 956	49, 359	104, 152	361, 815	90, 567	76, 983	335, 100	76, 983	63, 397	59, 321	54, 340	254, 041
Chrysler Corporation:												
Plymouth	264, 438	13, 726	28, 962	100, 612	25, 185	21, 407	93, 184	21, 407	17, 629	16, 496	15, 110	70, 642
Dodge	124, 565	6, 465	13, 643	47, 394	11, 863	10, 084	43, 894	10, 084	8, 304	7, 770	7, 119	33, 277
Chrysler	63, 292	3, 285	6, 932	24, 081	6, 028	5, 124	22, 304	5, 124	4, 219	3, 948	3, 616	16, 907
De Soto	44, 056	2, 287	4, 825	16, 762	4, 196	3, 566	15, 524	3, 566	2, 937	2, 748	2, 519	11, 770
Total, Chrysler Corporation	496, 351	25, 763	54, 362	188, 849	47, 272	40, 181	174, 906	40, 181	33, 089	30, 962	28, 364	132, 596
Ford Motor Co.:												
Ford	339, 217	17, 607	37, 152	129, 063	32, 306	27, 460	119, 532	27, 462	22, 614	21, 162	19, 384	90, 622
Mercury	46, 475	2, 412	5, 090	17, 682	4, 426	3, 762	16, 376	3, 762	3, 098	2, 899	2, 658	12, 417
Lincoln-Zephyr	13, 400	696	1, 468	5, 100	1, 276	1, 085	4, 722	1, 085	893	836	764	3, 578
Total, Ford Co	399, 092	20, 715	43, 710	151, 845	38, 008	32, 307	140, 630	32, 309	26, 605	24, 897	22, 806	106, 614
Total, General Motors and Chrysler Corporations and Ford	1, 846, 399	95, 837	202, 224	702, 509	175, 848	149, 471	650, 636	149, 473	123, 091	115, 180	105, 510	493, 254
Other motor companies:												
Studebaker	92, 755	4, 815	10, 158	35, 289	8, 833	7, 509	32, 684	7, 508	6, 185	5, 786	5, 303	24, 752
Hudson	67, 999	3, 530	7, 448	25, 874	6, 476	5, 504	23, 960	5, 504	4, 533	4, 242	3, 886	18, 165
Nash and LaFayette	57, 746	2, 997	6, 325	21, 972	5, 500	4, 675	20, 350	4, 675	3, 850	3, 602	3, 297	15, 424
Packard	60, 598	3, 145	6, 637	23, 056	5, 771	4, 906	21, 354	4, 906	4, 040	3, 780	3, 462	16, 188
Willys-Overland	20, 415	1, 060	2, 236	7, 768	1, 944	1, 652	7, 192	1, 652	1, 361	1, 273	1, 169	5, 455
Crosley	874	45	96	333	83	71	308	71	58	54	50	233
Total, other motor companies	300, 387	15, 592	32, 900	114, 292	28, 607	24, 317	105, 848	24, 316	20, 027	18, 737	17, 167	80, 247
Grand total	2, 146, 786	111, 429	235, 124	816, 801	204, 455	173, 788	756, 484	173, 789	143, 118	133, 917	122, 677	573, 501

General Motors Defense Activities

August 20, 1941

As outlined recently to stockholders, production of defense materials in General Motors plants is increasing steadily, in both volume and variety. At the same time additional obligations are being assumed on which the production stage will be reached as rapidly as essential new facilities can be completed. Orders received or under negotiation now total $1,200,000,000 as shown below. Particularly significant are the greatly expanded activities in the important field of aircraft, toward which half of General Motors defense efforts are directed. Extensive efforts are also being devoted to production of many types of highly technical ordnance material. In all, more than 70 percent of the defense contracts and orders of General Motors call for products outside the organization's customary activities.

AIRCRAFT ENGINES, PROPELLERS, PARTS, AND EQUIPMENT—$626,500,000

Airplane engines (I).—Continuous expansion has been necessary to keep pace with orders for Allison liquid-cooled aircraft engines, which were again increased recently for Army account. Military horsepower rating of the V–1710 Allison engine has been stepped up to 1,325 without increase in size. Castings from the new aluminum foundry at Anderson, Ind., and precision-built parts from Cadillac Motor Car and Delco-Remy divisions have helped to boost production schedules.

Amount, $233,200,000.

Airplane engines (II).—Following an assignment from the United States Army Air Corps, Chevrolet Motor Division is tooling plants at Tonawanda and Buffalo to produce 1,000 Pratt & Whitney air-cooled engines per month. Additional orders have made necessary an increase in the projected capacity of the Buick aircraft engine plant, now approaching completion near Chicago, from 500 to 1,000 Pratt & Whitney engines per month. The Buick plant at Flint will produce parts for these engines. Upwards of 25,000 men will be employed in these activities.

Amount, $218,400,000.

Airplane propellers.—Production is under way on a pilot order for a new type hydraulic airplane propeller for the United States Army Air Corps in the newly completed Aeroproducts Division plant near Dayton. Additional tooling operations and plant increases, including a propeller parts plant at Frigidaire, are hastening the expansion needed to meet further orders under negotiation.

Amount, $70,800,000.

Bomber parts and subassemblies.—Fisher Body Division is now in production on parts and subassemblies for twin-engine North American bombers in the expanded bomber program. The Fisher Memphis plant is being revamped and tooled for this purpose, and facilities of other General Motors divisions also are being utilized. The bombers will be assembled by North American Aviation at their Kansas City, Kans., plant.

Amount (Fisher Body's assignment), $66,000,000.

Aircraft equipment.—Several General Motors divisions share in assignments for the production of various types of specialized component parts for aircraft. Included are bearings, heat exchange units, special aircraft spark plugs, landing gears, electrical and instrument items.

Amount, $38,100,000.

GUNS, SHELLS, AND RELATED ITEMS—$204,900,000

Machine guns.—Months ahead of schedule, machine gun production lines have been operating since April in the AC Spark Plug plant and the Saginaw Steering Gear plant. Frigidaire at Dayton has been in production since June and Brown-Lipe-Chapin at Syracuse will be on a production basis in the near future. The assignment shared by these four divisions has been augmented by additional contracts in recent months.

Amount, $83,700,000.

Rapid-fire cannon.—Olds Motor Works Division and Pontiac Motor Division now are installing special machinery and tools in preparation for the production of two types of rapid-fire cannon on assignments from the Army and Navy.

Amount, $58,000,000.

Gun housings and gun controls.—Fisher Body Division is well ahead of schedule on a United States Navy order for gun housings. The Fisher plant engaged in this work has been awarded the Navy "E" for excellent performance and given permission to fly the Navy Ordnance Flag as a reward of merit. Production of gun controls at the Delco Appliance Division has been under way for some time.

Amount, $26,000,000.

Shells, cartridge cases, and fuzes.—Another "ahead of schedule" G. M. defense project is the shell-production assignment at the recently built and equipped General Motors Forge plant of the Olds Motor Works Division. This plant is now turning out thousands of shells daily. Cartridge cases at Guide Lamp Division and fuzes at Delco Products Division are in volume production.

Amount, $37,200,000.

DIESEL ENGINES—$159,700,000

Production of Diesel engines—principally propulsion and auxiliary units for naval use—at the Cleveland Diesel Engine Division is proceeding at an accelerated rate. Facilities have been enlarged and important additional obligations assumed in recent months. Detroit Diesel Engine Division is producing Diesel units for various defense purposes.

TRUCKS AND TRANSPORT EQUIPMENT—$82,300,000

Additional orders have been assigned to Chevrolet Motor Division. Deliveries of trucks of various special military types to the British and United States Governments continue at a rapid rate.

MISCELLANEOUS—$18,100,000

Many G. M. divisions are in production or preparing to manufacture various other types of defense materials, such as electrical equipment, tank track sets, tank gun mounts, dies and machine tools for other suppliers, magnetos, motors, and many other items of a technical and confidential nature.

CANADA—$108,500,000

Substantial deliveries continue to be made by General Motors Canadian plants of military trucks and transport equipment, as well as shell fuzes. At Walkerville, Ontario, the Border Cities Industries, Ltd., plant is preparing special facilities for the production of machine guns. All defense production in G. M Canadian plants is for account of the Canadian and British Governments.

Memorandum on Labor Policy

General Motors Corporation,
August 23, 1941.

Subject: Labor policies to be followed in connection with reduced production in schedules resulting from Government regulations.

To: All general managers.

While the cut in General Motors' passenger-car business ordered by Office of Price Administration and Civilian Supply and Office of Production Management amounted to 54.5 percent for the model year 1942 as compared to the model year 1941, due to the fact that the corporation was changing models and had no schedule for August, and only a partial schedule for September, it will be possible to reemploy more employees than would have otherwise been the case. Office of Price Administration and Civilian Supply has also ordered the Frigidaire production to be cut 50 percent from the 1941 rate of production.

Subject to our being able to obtain material, the following labor policies will continue in effect until it is necessary to modify them due to production schedules ordered by Office of Price Administration and Civilian Supply and Office of Production Management:

1. No new employees are to be hired on defense or any other work in any plant city where General Motors' employees with seniority who can do the work are laid off. Former General Motors' employees without seniority will also be given preference on work they can do in new defense activities, providing they make application for such work.

2. No employees working on automobile parts or Frigidaire parts who do not have seniority will be called back unless the plant is working 40 hours a week. If any such employees are now working, they should be laid off immediately unless the plant will be required to work approximately 40 hours per week to meet the schedules. This is only a problem in parts plants where only a small part of the total production is for passenger-car parts.

3. All employees with seniority on automobile production will be called back if the schedules make it possible to operate the plant on a 32-hour basis. If there is not enough work to employ all seniority employees on a 32-hour basis, some of them with the least seniority will not be recalled, in accordance with local seniority rules.

In the body-assembly and car-assembly plants, all employees with seniority will be brought back and the plants operated on a 40-hour basis until the assembly production is balanced with the parts production. This is possible because these employees have been laid off since late in July and the corporation had no August production of passenger cars. A number of seniority employees on parts production have already been recalled.

4. The above regulations do not apply to apprentices and others generally considered exempt from seniority rules.

It is recognized that during this period of adjustment, and especially where the plant has defense production as well as passenger car, truck, and other business, some departments will work more hours than others. It may be desirable and necessary to even work some overtime on defense production where tooling, machinery, or uneven flows of materials limit the number of people who can be employed.

5. While the situation is somewhat different in each plant, subject to conditions beyond the corporation's control, it should be possible to operate the plants through October on this basis.

Very truly yours,

C. E. Wilson, *President.*

Hourly and salaried employee turn-over in Michigan cities, 12-month period, September 1940 through August 1941

	Defense plants			Civilian plants			Total	
	New hires	Separations	Transfers in	New hires	Separations	Transfers out	1941 peak employment	Month of peak
Bay City	----------	----------	1	333	176	1	2,228	June.
Detroit	4,515	1,312	1,893	8,703	4,683	1,590	44,452	Do.
Flint	[1] 2,617	[1] 205	[1] 1,126	7,828	2,249	1,126	47,844	Do.
Grand Rapids	----------	----------	263	433	171	262	3,106	March.
Ionia	----------	----------	----------	83	25	----------	350	May.
Lansing	1,098	93	309	3,472	936	311	13,150	June.
Pontiac	164	40	513	2,624	1,581	516	16,064	April.
Saginaw	1,598	142	120	2,407	1,654	119	11,302	June.
Total	9,992	1,792	4,225	25,883	11,475	3,925	138,496	

[1] 338 of these persons hired or transferred in Michigan have been moved to Melrose Park.

Forecast as of Aug. 31, 1941, employment dislocation from June 30, 1941, levels in General Motors product groups (hourly and salaried employees)

Division group	Employment, actual, June 30, 1941	Dislocation, i. e., reduction in employment						
		Actual, Aug. 31, 1941	1941 forecast				1942 forecast	
			Sept. 30	Oct. 31	Nov. 30	Dec. 31	Mar. 31	June 30
Car	113,000	41,000	11,000	6,000	10,000	23,000	27,000	28,000
Body	59,000	23,000	13,000	11,000	15,000	21,000	24,000	27,000
Parts and accessories	69,000	4,000	2,000	2,000	4,000	6,000	10,000	12,000
Household	20,000	1,000	1,000	1,000	2,000	1,000	(1)	(1)
General engine	17,000	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Miscellaneous	14,000	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Total, United States	292,000	67,000	25,000	17,000	27,000	47,000	58,000	64,000

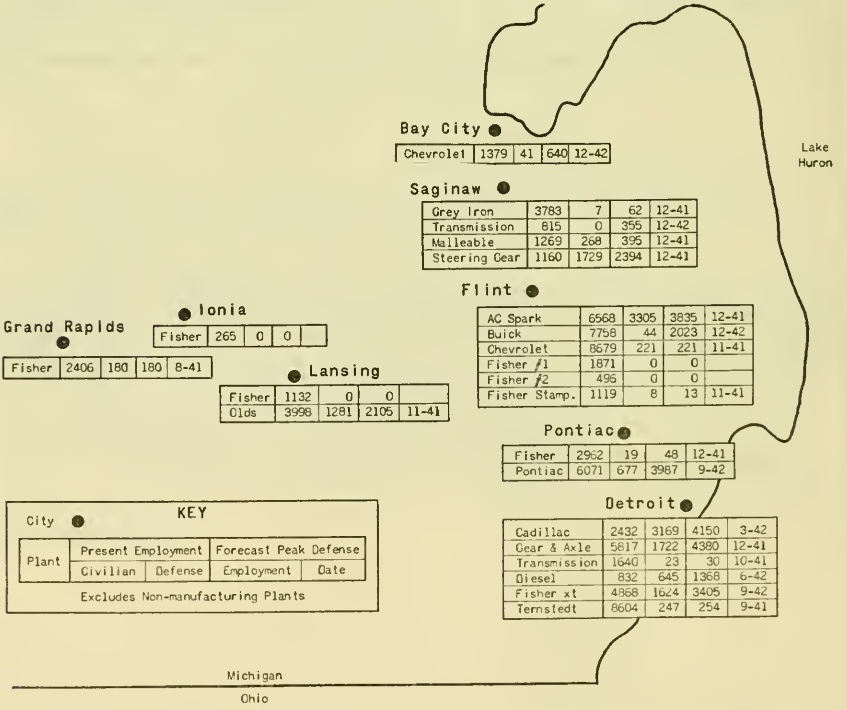
[1] No indicated dislocation.

NOTE.—These are over-all estimates. In some cases the defense expansion is not in the same city as the civilian curtailment. These estimates also assume that all employees no longer needed on civilian production will be able and willing to take the available defense jobs. The United States totals include a scheduled expansion of total employment in the general engine group. All United States divisions, operating and nonoperating, are included. Yellow Truck is excluded.

For purposes of this tabulation, defense employment was limited to specialized defense plants or departments whose turn-over could be segregated with reasonable certainty. An important part of General Motors defense production is military motor vehicles whose components are largely produced in conjunction with related civilian items. Although it was possible to prorate these defense workers on semicivilian type items, it proved impossible to allocate the turn-over on this basis. New hires exclude persons recalled from lay-off or returning from leave of absence. Separations are permanent separations only and exclude lay-offs and leaves of absence.

An attempt was also made to secure new hires classified by state of previous employment, but in every plant approached the record system made an analysis of this character extremely difficult if not impossible.

EMPLOYMENT IN PRESENT AND PLANNED FACILITIES OF GENERAL MOTORS



Bay City

Chevrolet	1379	41	640	12-42

Saginaw

Grey Iron	3783	7	62	12-41
Transmission	815	0	355	12-42
Malleable	1269	268	395	12-41
Steering Gear	1160	1729	2394	12-41

Ionia

Fisher	265	0	0	

Grand Rapids

Fisher	2406	180	180	8-41

Lansing

Fisher	1132	0	0	
Olds	3998	1281	2105	11-41

Flint

AC Spark	6568	3305	3835	12-41
Buick	7758	44	2023	12-42
Chevrolet	8679	221	221	11-41
Fisher #1	1871	0	0	
Fisher #2	496	0	0	
Fisher Stamp.	1119	8	13	11-41

Pontiac

Fisher	2962	19	48	12-41
Pontiac	6071	677	3987	9-42

Detroit

Cadillac	2432	3169	4150	3-42
Gear & Axle	5817	1722	4380	12-41
Transmission	1640	23	30	10-41
Diesel	832	645	1368	6-42
Fisher xt	4868	1624	3405	9-42
Ternstedt	8604	247	254	9-41

KEY

City ●

Plant	Present Employment		Forecast Peak Defense	
	Civilian	Defense	Employment	Date

Excludes Non-manufacturing Plants

General Motors critical material requirements, 1941 and 1942 model passenger cars

Material	Pounds per average car		Design saving (percent)	Pounds saved, including volume reduction
	1941	1942		
Aluminum	7.6	1.8	76	14,148,000
Nickel	3.6	1.7	53	5,899,000
Magnesium	.047	.005	89	92,300
Zinc	52.8	18.9	64	92,027,000
Chromium	4.5	4.6	−2	4,957,000
Copper	51.9	55.1	−6	55,603,000
Lead	32.5	34.4	−6	34,916,000
Tin	2.7	2.8	−4	2,955,000
Tungsten	.0075	.0074	1	9,000

	Cars
1941 production volume	2,082,422
1942 production allotment (tentative)	950,956

(The following material was received subsequent to the hearing, and was made a part of the record in accordance with instructions from the chairman:)

EXHIBIT A.—INTERPRETATION OF POLICIES ENUNCIATED BY OFFICE OF PRODUCTION MANAGEMENT AS THEY AFFECT GENERAL MOTORS CORPORATION

GENERAL MOTORS CORPORATION,
Detroit, Mich., October 20, 1941.

HON. JOHN H. TOLAN,
Chairman, House Committee Investigating National Defense Migration,
Congress of the United States, Washington, D. C.

DEAR MR. TOLAN: As requested in your letter of October 17, I am enclosing herewith a copy of the agreed-upon interpretations of the policies enunciated by the Office of Production Management dated September 17, 1941, as they affect the plants of the General Motors Corporation. I am also enclosing six copies of A Message to Our Employees on the Employment and Defense Problem.

Copies of the enclosed message have been supplied to employees of the Corporation who are represented by the United Automobile Workers, Congress of Industrial Organizations. Copies have also been made available to all other employees.

If there is any additional information I can supply you, I would be very glad to do so.

Very truly yours,

(Signed) C. E. WILSON, *President.*

[Enclosure]

The following is an agreed upon interpretation of the policies enunciated by the Office of Production Management, September 17, 1941, as they affect the plants of General Motors Corporation:

PROVISION NO. 1

Where a man working on nondefense production is laid off and obtains defense employment with another company, and that fact is certified to his former employer, he will not have to report back for nondefense production work in order to protect his seniority so long as he retains the defense employment to which he was certified. If he shifts from one defense employment to another, there must be a recertification as to his new defense employment. Employers concerned with the application of this policy will work out arrangements which will result in the maximum possible acceleration of the defense program.

PROVISION NO. 2

Transfer of employees from nondefense to defense work in each local bargaining unit shall be in line with agreements regarding the transfer of employees. Employees fully qualified for skilled and semiskilled jobs on the basis of past experience and training shall be transferred in line with their seniority.

If no such employees or an insufficient number of such employees who have made application are available, management will notify the shop committee and new, fully qualified applicants may be hired.

If no such fully qualified applicants are available or it is necessary or desirable to train men for the work, employees with the greatest seniority working in the plant, who have applied and who can qualify within the period normally given to new employees shall be given the opportunity to qualify before new employees are hired to be trained for the job.

PROVISION NO. 3

When hiring new employees for defense work, qualified applicants out of work on account of authorized Government curtailment of nondefense production, or employees working on nondefense production in local industry where they can be spared or loaned, and where curtailment in their industry is authorized for the near future, will be given preference in such employment based upon length of experience in the industry or occupation.

Such employees who are working or who have worked in local industries will be given preference over employees from other localities who have also been laid off because of curtailment.

Employees working in plants on nondefense work where employment is decreasing who can be spared or loaned; who elect to accept such defense employment; and who are found acceptable and so certified by the prospective employer will be released with full protection of their seniority rights.

PROVISION NO. 4

Skilled tradesmen, partially employed, or employed at occupations other than their trade or its equivalent in defense usefulness, will be released upon their request, with protection of their seniority rights, for full time defense work (40 hours per week) at their trade. In instances in which a collective agreement provides for a reduction of hours below the 40-hour basis, and employees collectively elect such reduction, the schedule of hours so reduced shall be regarded as full-time employment for the purpose of this provision. The prospective employer must certify to the present employer that he has offered the employee full-time defense work (40 hours per week) at his trade, before the request is granted.

PROVISION NO. 5

The above provisions shall become operative October 2, 1941 and shall not be retroactive, except that those provisions dealing with the protection of the employee's previously established seniority status shall be retroactive to September 17, 1941.

PROVISION NO. 6—GENERAL

(*a*) *Recall of employees.*—An employee loaned or laid off, whether unemployed or currently employed on defense or non-defense work, must report back for defense employment to the company with which he holds his original seniority for work in the same community, if and when called, on notice of at least one calendar week. Recall of employees to defense work presupposes, the management will endeavor to provide full time employment, contingent upon the availability of the essential tools, material, and facilities. Skilled tradesmen will be subject to recall only for full-time defense employment at their trades or the equivalent.

(*b*) *Defense training.*—For the purpose of these policies, defense training is to be considered defense employment, provided there is an understanding between the employer and the employee that the employee is being trained for a specific pay-roll job.

PROVISION NO. 7

Any claim of discrimination by an individual employee arising out of these provisions may be reviewed by the Shop Committee with the local Plant Management but shall not be subject to further appeal. The Shop Committee is given the right to appeal any charge of general discrimination to the Corporation through the Defense Employment Division of the International Union, United

Automobile Workers-Congress of Industrial Organizations. Such charges must be supported by written evidence at the time the appeal is made.

C. E. Wilson,
B. D. Kunkle,
Harry B. Coon,
Geo. F. Addes,
Walter P. Reuther,
Richard E. Reisinger.

October 2, 1941.

Exhibit B.—A Resolution Offering Automotive Industry Facilities for Mass Production of Standardized Airplane Body Parts

ADOPTED AT A MEETING OF AUTOMOBILE AND TRUCK MANUFACTURERS IN NEW YORK CITY, OCTOBER 15, 1940

The makers of motor vehicles have made it their policy to render their productive abilities available to the national-defense program to the extent that these may be utilized, and have already individually undertaken extensive manufacturing programs for defense.

The manufacturers of motor vehicles now are informed that the vastly expanded airplane production industry is or shortly will be overtaxed by the load imposed upon it by the current aviation procurement program.

They further understand that a program of standardization on certain highly important defensive military planes has been developed upon existing designs, making it possible now for automotive industry mass production methods to be brought into play.

Automobile and truck producers, as well as the producers of tools and dies and bodies for the automotive industry, have certain facilities that may be adaptable to producing airplane body parts in quantity for assembly by the aviation industry.

On the basis of these facts, and in the desire to forward the national-defense program by aid to the responsible governmental agencies and to the aviation industry, individual manufacturers representing practically all of the production of automobiles and trucks, present at a meeting today, hereby resolve:

1. That in this period the manufacturers of motor vehicles, the tool and die makers and automotive body producers should subordinate work on automotive model changes to the necessities of the defense program and specifically to aviation procurement.
2. That the president of the Automobile Manufacturers Association appoint forthwith a committee to cooperate with all those in the automotive industry, the aviation industry, the tool and die makers and automotive body shops in determining and listing all available facilities adaptable to airplane part production.
3. That the committee cooperate with the National Advisory Defense Commission, the aviation industry and the automotive industry to develop and make effective a plan for the production of the desired tools, jigs, dies, and fixtures and the production of the airplane parts.
4. That the individual manufacturers attending the meeting hereby do undertake to subordinate work on automotive model changes to the necessities of the defense program and specifically to aviation procurement, and to cooperate to the fullest extent toward the fulfillment of this purpose.
5. It is further resolved that this action be immediately communicated to the National Defense Commission.

The companies subscribing to the above resolution are:

The Autocar Co., Brockway Motor Truck Co., Chrysler Corporation, The Corbitt Co., The Crosley Corporation, Diamond T Motor Car Co., Federal Motor Truck Co., Ford Motor Co., General Motors Corporation, Graham-Paige Motors Corporation, Hudson Motor Car Co., Hupp Motor Car Corporation, International Harvester Co., Mack Brothers Motor Car Co., Nash-Kelvinator Corporation, Packard Motor Car Co., Reo Motors, Inc., Sterling Motor Truck Co., The Studebaker Corporation, Walter Motor Truck Co., The White Motor Co., Willys-Overland Motors, Inc., and Yellow Truck and Coach Manufacturing Co.

EXHIBIT C.—PROPORTION OF UNEMPLOYED MEN IN CHICAGO, DETROIT, AND FLINT

Percent of total male labor force as reported in the census of 1940

On emergency work (W. P. A., etc.):	
Chicago	4.2
Detroit	4.1
Flint	2.8
Seeking work:	
Chicago	11.5
Detroit	10.2
Flint	8.2
Receiving unemployment compensation: [1]	
Chicago	1.9
Detroit	1.1
Flint	.6

[1] Refers to men and women together because published data do not distinguish. Computed by dividing total "compensable claims" (weeks for which total or partial compensation was paid) by 4, and then stating as a percent of "labor force" reported to Census. Compensable claims are as of November 1940, from the Michigan and Illinois Unemployment Commissions. All other data are from the census of 1940.

EXHIBIT D.—CONDENSED LIST OF 83 DEFENSE ITEMS MANUFACTURED BY GENERAL MOTORS CORPORATION

(Most of the items shown here subdivide themselves into many similar items for various applications)

AMMUNITION

20 mm. projectiles.
37 mm. projectiles.
75 mm. shells.
105 mm. shells.
37 mm. cartridge cases.
90 mm. cartridge cases.
105 mm. cartridge cases.
3″ cartridge cases.
Fuzes.
Boosters.
Primers.

AIRCRAFT

Allison engines.
Pratt & Whitney engines.
Bomber subassemblies.
Propeller assemblies.
Landing gears for bombers.
Radiators.
Oil coolers.
Generators and regulators.
Spark plugs.
Ignition cable.
Magnetos.
Autosyn motors.
Fuel pump motors.
Aneroid valves.
Hydraulic control valves.
Gun-firing solenoids.
Aluminum castings.
Aluminum die castings.
Aluminum forgings.
Magnesium castings.
Engine bearings.

GUNS, MOUNTS, AND CONTROLS

Navy gun housings.
.30 caliber machine gun.
.50 caliber machine gun.
20 mm. machine gun.
Gun sights.
Fire-control equipment (various types).
Electric motors for fire-control equipment.
Tank gun mounts.

MOBILE UNITS AND PARTS

4 x 4 trucks.
4 x 2 trucks.
6 x 6 transfer cases.
6 x 6 axle sets.
Heavy duty gear sets.
Bomb service trucks.
Electrical equipment.
Radiators (trucks and tanks).
Oil coolers (trucks and tanks).
Thermostats.
Black-out lamps.
Tank tracks.
Tank fenders.
Field assembly plants.
Reflectors.

DIESEL ENGINES, ARMY AND NAVY

Tank engines.
Submarine engine sets.
Destroyer engine sets.
Minesweeper engine sets.
Escort vessel engine sets.

Subtender engine sets.
Fleet tug engine sets.
Plane tender engine sets.
Ship service engine sets.
Generator engine sets.
Miscellaneous Navy engine sets.
Upright Diesels for Navy.

MISCELLANEOUS

Machine tools.
Radio receivers.
Forgings.
Castings.
Ball and roller bearings.
Batteries.
Lighting plants.
Blowers.
Refrigeration units.
Navy warning signals.
Development work covering wide range of defense material.
Marine water coolers.
Marine oil coolers.
Submarine identification signal parts.
Generator sets for special purposes.

EXHIBIT E.—DEFENSE DELIVERIES BY GENERAL MOTORS CORPORATION [1]

Before Oct. 1, 1940	$25, 900, 000
Fourth quarter, 1940	30, 300, 000
First quarter, 1941	46, 900, 000
Second quarter, 1941	62, 100, 000
Third quarter, 1941 [2]	107, 800, 000

[1] This exhibit was submitted in form of a chart, reproduction of which was not feasible. The information was therefore tabulated as above. Figures given are for the United States only.
[2] Estimated.

EXHIBIT F.—GENERAL MOTORS PRODUCTION AND DEFENSE CONTRACTS IN RELATION TO ALL UNITED STATES INDUSTRY AND ALL DEFENSE CONTRACTS

General Motors production relative to all United States industry, 1936–40, at retail

General Motors proportion:	*Percent*
All durable goods manufacture [1]	8
All durable metal products [2]	13

[1] From Federal Reserve studies of George Terborgh.
[2] Estimated as a percent of each classification, e.g., consumers housing, 25 percent; mining and manufacturing, 90 percent.

Value of General Motors defense contracts as percent of total in United States [1]

Date	All defense, excluding pay and subsistence	Defense obligations in metal products [2]
	Percent	*Percent*
June 30, 1941 [3]	4.1	5.0
Aug. 31, 1941 [4]	4.0	(5)

[1] General Motors defense includes contracts, orders, negotiations, and estimates of future defense business direct with governments and as subcontractor.
[2] United States defense obligations includes orders in negotiation.
[3] From Business Week, Sept. 27, 1941.
[4] Based on testimony of William Knudsen before a congressional committee.
[5] Not available.

EXHIBIT G.—*Value of supply contracts per dollar's worth of Government-financed plant*

[In millions of dollars]

	All defense contracts over $50,000, Aug. 31 [1]	All General Motors defense contracts, Sept. 30 [2]
Total supply and facility contracts, excluding pay and subsistence	19, 962	1, 213
Government funds for new productive facilities	3, 636	121
Proportion for productive facilities ... percent	18. 2	10. 0

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[1] The analysis of all United States contracts shown above was prepared by the Office of Production Management Research and Planning Division and does not agree with most published totals because it (1) refers to reported signed contracts as distinct from letters of intent and other firm commitments, (2) excludes pay and subsistence, (3) excludes contracts for less than $50.000.

[2] General Motors contracts shown above include letters of intent and other firm commitments directly with all governments.

STATEMENT BY L. CLAYTON HILL, GENERAL MANAGER, MURRAY CORPORATION OF AMERICA

Summary

RESIDENTIAL PERIOD IN MICHIGAN, INDICATED IN APPLICATIONS FOR EMPLOYMENT IN MURRAY CORPORATION OF AMERICA

Less than 6 months	72	From 3 to 4 years	68
Less than 1 year	47	Over 4 years	1, 196
From 1 to 2 years	72		
From 2 to 3 years	45	Total	1, 500

HOME STATE, APPLICATIONS FOR EMPLOYMENT, MURRAY CORPORATION OF AMERICA

Alabama	4	Missouri	12
Arkansas	10	Nebraska	1
California	1	New Jersey	2
Colorado	1	New Mexico	1
Connecticut	3	New York	8
Florida	1	North Carolina	2
Illinois	25	North Dakota	1
Indiana	17	Ohio	35
Iowa	6	Oklahoma	3
Kansas	7	Pennsylvania	38
Kentucky	44	South Dakota	1
Louisiana	1	Tennessee	34
Maryland	2	Texas	3
Massachusetts	1	Vermont	1
Michigan	1, 196	West Virginia	10
Minnesota	16	Wisconsin	7
District of Columbia	1		
Province of Ontario	3	Total	1, 500
Mississippi	2		

APPLICANTS FOR EMPLOYMENT OCCUPATIONS, MURRAY CORPORATION OF AMERICA

Agriculturists	73	Machinists—Production	112
Assemblers	158	Painters	30
Clerical	293	Tool and die makers	47
Engineering	119	Trimmers	25
Inspectors	57	Supervisors	23
Laborers	1, 045	Welders	113
Maintenance	72		
Machinist—Tool	17	Total	2, 184

Employment of Murray Corporation of America, Sept. 1, 1940, to Aug. 31, 1941

Plant	Sept. 1940	Oct. 1940	Nov. 1940	Dec. 1940	Jan. 1941	Feb. 1941	Mar. 1941	Apr. 1941	May 1941	June 1941	July 1941	Aug. 1941
1 Civilian	2,100	2,745	2,862	2,858	2,571	2,544	2,591	2,560	2,715	2,350	2,061	1,962
Defense	------	------	------	------	------	------	------	4	7	14	18	24
Total	2,100	2,745	2,862	2,858	2,571	2,544	2,591	2,565	2,722	2,364	2,079	1,987
2 Defense	------	------	------	------	112	247	342	431	527	639	891	1,185
5 Civilian	400	370	318	285	286	228	214	160	180	246	136	102
Defense	------	20	35	50	71	97	136	160	270	573	761	927
Total	400	390	353	335	357	325	350	320	450	819	897	1,029
6 Civilian	649	600	600	550	550	575	543	535	522	560	424	410
7 Civilian	588	651	592	512	516	520	528	494	498	509	468	436
Defense	453	576	705	705	773	813	825	804	846	864	866	808
Total	1,041	1,227	1,307	1,217	1,289	1,333	1,353	1,298	1,344	1,373	1,334	1,244
10 Civilian	1,270	1,405	1,372	1,294	1,277	1,274	1,239	1,224	1,236	1,220	1,160	1,147
11 Civilian	360	390	400	398	421	429	430	409	399	393	114	240
Civilian	5,367	6,161	6,144	5,897	5,621	5,570	5,545	5,382	5,550	5,278	4,363	4,297
Defense	453	596	740	755	956	1,157	1,303	1,400	1,650	2,090	2,536	2,945
Total	5,820	6,757	6,884	6,652	6,577	6,727	6,848	6,782	7,200	7,368	6,899	7,242

STATEMENT BY C. E. WEISS, PACKARD MOTOR CAR CO.

SEPTEMBER 20, 1941.

Employment opportunities in the automobile industry have always been attractive to applicants for employment from outside of metropolitan Detroit and Michigan. Even in the depths of the last depression there were people who applied for work at our plant from up-State and also from localities far removed from this area. Due to the publicity connected with the allotment of defense contracts, applications naturally increased. We have discouraged out-of-town applicants because of a policy closely followed for years, to employ people from metropolitan Detroit before taking those from out of town. There are variations, of course, to this policy at certain times because of heavy requirements for certain skills which may not be available on the Detroit labor market.

Our employment records do not indicate the geographic origin of our employees. We record information regarding their former employers, but this may have no connection with their original residence.

In order to provide you with some facts regarding this situation we have obtained from all applicants during the period of September 8 to September 19, inclusive, information regarding their original residence with the following results:

Geographic origin

Metropolitan Detroit	10,676
Alabama	91
Arkansas	67
Colorado	1
Connecticut	5
Delaware	2
Florida	17
Georgia	194
Illinois	92
Indiana	90
Iowa	18
Kansas	5
Kentucky	283
Louisiana	45
Maryland	2
Massachusetts	5
Michigan	403
Minnesota	98
Mississippi	45
Missouri	52
Montana	1
Nebraska	2
New Hampshire	1
New Jersey	11
New York	4
North Carolina	14
North Dakota	7
Ohio	121
Oklahoma	22
Pennsylvania	90
South Carolina	35
South Dakota	1
Tennessee	235
Texas	5
Virginia	7
West Virginia	10
Wisconsin	66
Total	12,823

NOTE.—No record was made of those who repeated their calls at the employment department. It must be assumed that quite a number made return calls and increased the number listed as applicants.

For the 2 years previous to the acceptance of any defense contracts the Packard Motor Car Co. employed on automobile work an average of 10,390 employees. On April 12, 1939, we began the manufacturing of marine engines for the United States Navy. This project started with 125 people and now involves 929. These were practically all transferred from the car division and replaced with employees who had been laid off.

In September 1940 the company accepted contracts from the British Purchasing Commission and the United States Air Corps for 9,000 Rolls-Royce Merlin aircraft engines. On December 31, 1940, there were 1,237 employees engaged in the preparatory work necessary for the production of aircraft engines.

The tabulation given below indicates the employment on defense and nondefense work from December 31, 1940, to date and a projection of what we expect it to be from this date to the end of June 1942 by 3-month periods.

Date	Total	Marine engines	Aircraft engines	Automobiles
Dec. 31, 1940	12,018	646	1,237	10,135
Mar. 31, 1941	10,892	923	2,362	7,607
June 30, 1941	11,655	922	3,725	7,010
Sept. 20, 1941	14,040	925	5,796	7,319
Dec. 31, 1941	17,300	1,000	9,300	7,300
Mar. 31, 1942	18,180	1,200	11,980	5,000
June 30, 1942	20,938	1,300	14,638	5,000
Peak defense	Unknown	1,300	17,600	Unknown

We have had considerable experience with the transferring of employees from automobile work to defense work. Our experience has indicated that in the skilled groups, or journeymen, there is practically no problem involved. In the transferring of semiskilled employees even on similar types of work some retraining is necessary. There is a considerable variation, however, in the amount of time required. This variation in time ranges from 3 days or a week to as high as 3 or 4 months.

In addition to becoming familiar with the operation there is a considerable loss in efficiency until the operator has become proficient in the cycle of work required to complete his operation and can perform in accordance with accepted standards.

The above statement is based on the transfer from automobile work to engine work only, as we have had no experience with other types of defense production.

STATEMENT BY ROBERT WALDRON, PERSONNEL DIRECTOR, HUDSON MOTOR CAR CO.

SEPTEMBER 19, 1941.

Employment by month for the past year, segregated as to whether on defense or nondefense production:

	Nondefense	Defense		Nondefense	Defense
August 1940	10,831	0	March 1941	7,138	585
September 1940	11,238	8	April 1941	7,269	591
October 1940	11,137	41	May 1941	7,959	548
November 1940	7,216	33	June 1941	7,877	478
December 1940	5,057	122	July 1941	4,363	553
January 1941	5,158	243	August 1941	10,233	880
February 1941	5,915	463	September 1941	6,749	1,722

Number of hires and discharges for defense and nondefense production, and transfers from nondefense to defense, by month, for the past 12 months:

	Nondefense		Defense		
	Hires	Pay-offs	Hires	Pay-offs	Transfers
September 1940	993	801	None	None	None
October 1940	487	3, 462	None	None	None
November 1940	277	3, 114	None	None	None
December 1940	236	261	None	None	None
January 1941	1, 293	159	63	18	2
February 1941	565	176	109	37	5
March 1941	1, 492	280	128	53	14
April 1941	1, 270	494	125	42	10
May 1941	645	587	83	56	16
June 1941	637	5, 432	91	35	19
July 1941	6, 131	369	69	72	109
August 1941	3, 258	1, 710	109	64	129
September 1941 (first 2 weeks only)	511	2, 591	112	24	218

Estimates of employment on defense and nondefense production by month for the forthcoming year:

	Nondefense	Defense
Oct. 31, 1941	6, 749	2, 520
Nov. 30, 1941	6, 749	2, 975
Dec. 31, 1941	6, 749	3, 674
Jan. 31, 1942 [1]		3, 904
Feb. 28, 1942		4, 135
Mar. 31, 1942		4, 735
Apr. 30, 1942		5, 335
May 31, 1942		5, 885
June 30, 1942		6, 435
July 30, 1942		6, 700
Aug. 31, 1942		6, 967
Sept. 30, 1942		7, 235

[1] No estimates beyond this date are possible because of the fact that Office of Production Management production quotas are not now available.

EFFECT OF CURTAILMENT IN PRODUCTION

As may be noticed in the aforementioned figures, the principal effect of the curtailment on employment is shown by the difference in our nondefense employment prior to the curtailment as indicated in the August 1941 figure and the employment estimates on nondefense work for the remainder of the year 1941. Those employees displaced will be recalled as rapidly as defense production can absorb the qualified employees. This absorption is complicated by the fact that the type of defense work we are undertaking requires a higher proportion of skilled employees than normally are needed in automobile production with the result that many of those competent to perform automobile production work require additional training to qualify for defense production work.

TRAINING PROGRAM

Early last spring, Hudson Motor Car Co., in cooperation with the Office of Vocational Education for National Defense, placed more than 2,000 of its employees in classes in public schools and in special classes organized in a new school established at the Hudson Motor Car Co. These classes have given training in machine-tool operation to Hudson employees in anticipation of their use at our new United States Naval Ordnance Plant. More than 400 of these trainees have been transferred to this plant, with more scheduled for possible transfer in the future.

This training program was augmented, during the seasonal lay-off between models, by classes operated at the Hudson Motor Car Co., 24 hours per day, and in outside schools, 12 hours per day. In addition, Hudson classes again are operating on a 24-hour schedule for employees laid off as a result of automobile production curtailment.

TRANSFER INTO DEFENSE WORK

In a further effort to minimize the dislocation of employment the company and the local union have entered into an agreement providing for an orderly transfer of qualified employees to defense work on a seniority basis. A copy of this agreement is attached to the original copy of this report. It may be noted that this agreement was negotiated in July 1941.

Geographical problems in transfers to defense work are not great because of the fact that our United States Naval Ordnance Plant is only 10 miles from our main plant, and all of our other defense activities are located in our present plants.

The difference of skill required in our nondefense and defense work, as indicated in our answer to paragraph 4, has presented a specific training problem which this company recognized and acted upon well in advance.

Of course, these estimates are in light of present knowledge.

Exhibit A.—Article 6, Paragraph (*c*) of Agreement Between Hudson Local No. 154 and Hudson Motor Car Co.

"When new jobs or classifications are created or when vacancies occur, the employees with the greatest seniority shall be given preferential consideration for these jobs * * *"

In order to provide a uniform understanding of the procedure to be followed in transferring hourly rate employees from regular production work to newly created defense jobs, and in order to assure that this article and paragraph of the agreement are adhered to, the following procedure will be followed:

1. Record cards for each employee on the roll now are being completed, containing, in addition to the employee's name and clock number, the following information:

(*a*) All classification numbers on which the employee has worked in the employ of the Hudson Motor Car Co., as shown in the employee's employment record.

(*b*) All classifications in which the employee has claimed experience, either at the Hudson Motor Car Co. or elsewhere, as given by the employee in filling out his "Experience record."

(*c*) All classifications in which the employee has claimed experience elsewhere, while on leave of absence during the 1941 model, as given by the employee in answer to the questionnaire sent to all leave of absence employees.

(*d*) The names of any vocational training courses in which the employee has enrolled.

(*e*) The employee's seniority.

2. These cards are to be arranged in order of plant wide seniority. In cases of employees who have split seniority, this seniority shall be totaled, in order to give these split seniority people full credit for their total service with the company.

3. Immediately in advance of any transfers to new jobs or classifications, the employment office will review these cards in an effort to find the oldest seniority man capable of filling the new job, or of filling any vacancy in the mechanical or machining division which is caused by the transfer of others from that division to defense work.

Selection of employees for "training on-the-job" will be on the basis of experience in related or similar operations, and on seniority. With the previous experience being equal, the employees with the greatest seniority will be first chosen.

In the selection of employees to fill vacancies or for training on the job in skills represented in the present organization of the Hudson Motor Car Co., employees who would be next in line for breaking in on the job within their own seniority district will be offered such jobs or training.

(*a*) Where an employee has previously performed the job at the Hudson Motor Car Co., he will be offered the job without further qualification.

(*b*) Where the employee has not previously performed the job at the Hudson Motor Car Co., but where he claims he has performed the job elsewhere, or has taken vocational training in that skill, he will be given a trial at that type of work under competent supervision in our regular school locations on the fourth floor of building 28 or elsewhere. If he shows that he is qualified to perform the job, he will be offered the job. If he fails to qualify for the specific job an effort will be made to see whether or not he can qualify at a later date by taking further training. Meanwhile, an effort will be made to determine his highest usable skill, and to transfer him to a job at that skill whenever his seniority entitles him to such a transfer.

A special committee of three members of the union, all of whom must have completed an apprenticeship as toolmaker or machinist, will be appointed by the union to review the technical qualifications of employees who dispute the decision of the supervisor of this qualifying station. The personnel division will meet with this committee weekly, if any such grievances have occurred during the preceding week, to expedite the handling of such grievances.

In highly skilled occupations, in which no present employee of Hudson Motor Car Co. has had actual identical experience, or in which there are not sufficient employees fully qualified by experience to fill the vacancies, new employees may be hired to perform the job or assist in training other employees in these skills.

4. As employees are offered jobs on defense work, in order of their seniority, each employee will have the following options:

(*a*) Of taking the job offered, if qualified.

(*b*) Of declining the offer and remaining on his regular job until such time as further restriction of automobile production or some other prolonged and permanent curtailment occurs. If this situation arises, employees having made this election will be entitled to transfer in line with their seniority to such defense work as they may be qualified for.

Employees retained on automobile production for the purpose of training new employees or for performing any operation in the automobile shop will have the same rights as those outlined immediately above, either at such time when they can be released from the job on which they previously had been held or at any time when further restriction of automobile production or some other prolonged and permanent curtailment occurs.

(*c*) Of remaining on his present job, with the understanding that he will wait until another specific opportunity presents itself to him for a job more to his personal liking. (This would allow each employee to choose, for example, between the gun plant, plant A, or the piston and rocker arm job.)

(*d*) In cases where the employee's present job would pay him more money than the job he would be offered, the employee, who in this case would be taking training in a new skill, has the option of taking the new job at the current rate for that job, or of staying on his present job, and continuing his training in his new skill until such a time as it would appear to be to his best advantage to be transferred from his present job. If the employee takes this latter option, he will notify the employment office, in writing, when he decides to be transferred to his new skill, and, if he has continued his training in the meantime, he will be offered the next job which opens up in his new skill, to which his seniority would entitle him.

5. All of the above elections will be made in writing, signed by the employee, and kept on record in the employment office.

6. At the conclusion of this defense work, the seniority lists of January 1, 1941, will be the controlling factor in returning defense employees to Hudson automobile work, with it being the expressed intention to have each employee resume his regular position on January 1, 1941, seniority list at the conclusion of the defense program. As provided in the contract between the Hudson Motor Car Co. and the United Automobile Workers Local No. 154, 1 year will be added to the seniority of each man on that seniority list for each year he works for any division of the Hudson Motor Car Co., whether on regular automobile work, or in any of its defense divisions. This would not allow any employee to pass any other employee on that list, and would assure full protection of seniority rights to those who go on defense work, and those who stay on automobile production, alike.

7. Wage rates at the Naval Ordnance Plant will be the same as rates paid for similar classifications at the Hudson Motor Car Co.

In the case of employees who have taken training in any skill, who have not previously been employed in the classification to which they are to be assigned at the Naval Ordnance Plant, the following wage procedure will be established:

(*a*) On repetitive operations which are similar to production operations at Hudson Motor Car Co., the employees will be transferred at the qualifying rate for that classification unless employee's previous experience or qualification is justification for an exception.

(*b*) On nonrepetitive operations similar to work in the mechanical division the newly trained employee will start at a learner's classification and will start at the qualifying rate for the learner's classification in that particular skill. This learner's rate will start at 10 cents below the hiring rate for the B classification in that skill with the qualifying rate at 5 cents higher.

8. Exceptions to this procedure will be allowed only in cases where conditions warrant such an exception.

TESTIMONY OF AUTOMOTIVE INDUSTRY PANEL—Resumed

The CHAIRMAN. Dr. Lamb has a few preliminary questions which he will ask you gentlemen.

Dr. LAMB. I would like to start by asking some statistical questions. I suggest, for these first questions, that we go around the circle and ask each of you, as representatives of your individual companies, what your answers are for the record.

We already have received statistical material from some of you, and incidentally, we want to thank you for the great effort that your staffs have made to get this information for us. But I think the press and the individual members of the committee will be interested to hear these figures given individually as we go around the circle.

The CHAIRMAN. I want to say to you gentlemen, this is Congressman Curtis from Nebraska on my extreme right; this is Congressman Arnold from Illinois, and this is Congressman Osmers from New Jersey.

I am from California. You may proceed, Dr. Lamb.

TESTIMONY OF ROBERT W. CONDER, DIRECTOR OF LABOR RELATIONS, CHRYSLER CORPORATION

Dr. LAMB. Mr. Conder, when do you think the cut in automobile production will take place, and when will it have its greatest effect?

Mr. CONDER. In December.

Dr. LAMB. This year?

Mr. CONDER. Yes, sir.

TESTIMONY OF R. I. ROBERGE, OFFICE OF EDSEL FORD, FORD MOTOR CO.

Dr. LAMB. Does that apply to you also, Mr. Roberge?

Mr. ROBERGE. I would say the early part of next year—probably January or February.

Mr. CONDER. Do you mean at what time will we be at our lowest ebb in employment?

Dr. LAMB. Yes.

Mr. CONDER. That is, before the defense work begins to take up the employees who are laid off?

Dr. LAMB. That is right.

Mr. CONDER. In the latter part of December or the first of January.

Dr. LAMB. And the same thing applies to you, Mr. Roberge?

Mr. ROBERGE. I would say the first part of next year, January or February.

TESTIMONY OF C. E. WILSON, PRESIDENT, GENERAL MOTORS CORPORATION

Dr. LAMB. Mr. Wilson?

Mr. WILSON. It is a little hard to say in our case, because our answer must depend partly on how much defense business we are going to have over a period.

Dr. LAMB. Can you give us an estimate on the basis of foreseeable reductions in employment today?

Mr. WILSON. A fairly severe reduction will occur in January, or at the end of December, and perhaps from then on the defense business will pick up about as fast as the passenger-car reduction occurs, assuming that the present proposed schedule for the rest of the year holds, which, of course, we don't know, because we have only been given a schedule through December.

Dr. LAMB. I understand we are all having to talk on the basis of the present outlook, until such time as new schedules are issued.

Mr. WILSON. There will be a substantial reduction at the end of December, in our case, and then if the proposed schedule for January through July is adhered to, there will be increasing reductions in automobile employment, but at the same time there will be some increasing employment in defense. Perhaps they will offset each other after the initial substantial reduction.

TESTIMONY OF L. CLAYTON HILL, MURRAY CORPORATION OF AMERICA

Dr. LAMB. Mr. Hill, we will get your reply to the first question a little later. When would you expect the pick-up in defense employment to absorb the displaced workers?

Mr. HILL. I would say our greatest reduction would occur in the latter part of December.

TESTIMONY OF C. E. WEISS, PERSONNEL DIRECTOR, PACKARD MOTOR CAR CO.

Dr. LAMB. And Mr. Weiss?

Mr. WEISS. We do not anticipate any reduction, although if there is any, it would occur in the latter part of December.

We expect the defense contracts to take up that slack.

TESTIMONY OF ROBERT WALDRON, HUDSON MOTOR CAR CO.

Dr. LAMB. Mr. Waldron?

Mr. WALDRON. I am making the same reservation Mr. Wilson made. We don't know what is in the offing beyond the first of the year. Our greatest reduction has already taken place. We have had a drastic cut already, on the first 4 months' production.

Dr. LAMB. So you don't anticipate any further reduction?

Mr. WALDRON. We don't anticipate any, unless some unforeseen event might change the outlook further.

EXPECTED PICK-UPS IN DEFENSE EMPLOYMENT

Dr. LAMB. Now, I will go around with the second question, beginning with Mr. Conder.

When do you expect that your pick-up in defense employment will absorb these automobile workers?

Mr. CONDER (Chrysler). On the basis of present defense contracts, we do not expect to be able to absorb the employees laid off because of the automobile curtailment. The situation will improve over what it will be at the end of December or the 1st of January, but we will not be able to absorbe all of them unless there is more defense business than we have now.

Dr. LAMB. Mr. Roberge.

Mr. ROBERGE (Ford). We hope to receive defense orders that will assist greatly in absorbing some of the employees laid off, but it is difficult to say just what they will amount to, because the orders are not firm at the present time.

Dr. LAMB. Is that business still in process of negotiation with your company too, Mr. Wilson?

Mr. WILSON (General Motors). I would like to point out that more than half of the reduction in employment in the automotive industry is going to be in General Motors alone, so that we have more than half of the problem.

The present defense orders we have on hand, and the increased quantities of material we are organized to produce, will not begin to reemploy the people that we had employed last June.

We have been actively working with all interested Government agencies to obtain more business, and have been since the beginning of the emergency a year ago in June, and we have projects in hand now and are submitting proposals on additional projects. But as the matter stands right now, we don't see the end on reemploying all the people who are going to be laid off.

Dr. LAMB. Mr. Hill.

Mr. HILL (Murray Corporation). We should be able to absorb all our male employees by the early spring of next year. I expect we will be embarrassed because we have a considerable number of female employees who may not be adaptable to the aircraft work. We will use as many of them as we can, but we may have some difficulty absorbing them.

From then on out, we may have to pick up some other employees outside our own organization.

Dr. LAMB. Mr. Weiss.

Mr. WEISS (Packard). We do not anticipate that there will be any lay-offs. In other words, our defense program will absorb practically all of our car people.

Dr. LAMB. And Mr. Waldron.

The CHAIRMAN. May I interrupt for a moment. Mr. Hill, what is the Murray Corporation of America?

Mr. HILL. We manufacture a large number of metal assemblies for automobile bodies. chassis and frames for automobiles, and we have a substantial contract for airplane wings and airplane parts. In addition, we manufacture cushion springs and wire products. That is where this large percentage of women is employed, and we anticipate a big reduction in that business.

Mr. WALDRON (Hudson). We anticipate by March 1 we will absorb all our male employees and perhaps some of the female.

TESTIMONY OF C. C. CARLTON, MOTOR WHEEL CORPORATION, AND PRESIDENT, AUTOMOTIVE PARTS AND EQUIPMENT MANUFACTURERS ASSOCIATION, DETROIT, MICH.

Mr. CARLTON. I would like to answer that question. I understand this discussion is rather informal.

Dr. LAMB. Certainly, we would like to have your answer.

Mr. CARLTON. Speaking for the Motor Wheel Corporation at Lansing, Mich., I would like to express a slightly different viewpoint.

Our greatest reduction in employment has already occurred. About 25 percent of our 2,500 men are now laid off. We will have Government work that will pick up a small part of them between now and January, but eventually, despite anything that we may now have in the way of Government orders, about 25 percent of our people will be continuously unemployed.[1]

TRANSFER OF WORKERS TO DEFENSE PRODUCTION

Mr. CURTIS. What is your policy with regard to transfer of workers from civilian production to defense work, and how is it working out?

Mr. CARLTON. In the beginning of the work on our first defense orders we could not transfer men because we were then running 100 percent in the automotive industry; therefore, we were compelled to hire new men for defense orders. As the reduction in automobile-passenger-car business occurred, we could absorb our own men, our regular employees. However, the seniority situation handles that pretty well because our own people will all be eventually employed; that is, our older employees will all be employed on defense work as far as the defense work will go.

Dr. LAMB. And Mr. Conder?

Mr. CONDER (Chrysler). The great majority of our employees on defense work now have been transferred from the automobile plants. We have endeavored to select them on the basis of qualification by their experience in the automobile plants to do the job in defense plants.

Mr. CURTIS. Have they been transferred with or without training under the defense program?

Mr. CONDER. So far we have been able to find employees who have had sufficient experience on similar types of work in the automobile plants to place these men on the jobs in defense plants, and give them what training they needed there.

Mr. CURTIS. How many have you transferred?

Mr. CONDER. You are referring to both salary and hourly-rate employees?

Mr. CURTIS. Yes.

Mr. CONDER. Approximately 400.

Mr. CURTIS. Mr. Roberge, what is your answer to this question?

Mr. ROBERGE (Ford). As rapidly as the defense work progresses in our organization, we transfer men from our automobile operations to defense operations, and they are given training, of course, before they proceed on that work.

Mr. CURTIS. How much training?

Mr. ROBERGE. Sufficient to qualify them for the job that they are taking over.

Mr. CURTIS. What is the average length of the training?

Mr. ROBERGE. I couldn't tell you.

Mr. CURTIS. What are the maximum and minimum?

Mr. ROBERGE. I don't believe I could tell you that. It depends on the particular skill of the man and the job that he is going on.

Mr. CURTIS. How many have you transferred?

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[1] In a letter received subsequent to the hearing, Mr. Carlton supplied the committee with additional information on this point, as follows: "That statement was true to the best of my knowledge and belief the day I made it, but additional United States Government orders now on hand indicate that by the end of November and from there on to an indefinite period, we shall be able to employ all Motor Wheel labor. In other words, the serious reduction of employment due to the mandatory curtailment of passenger-car production will all be taken up approximately by the end of November by additional Government contracts which we have received."

6,000 WORKERS TRANSFERRED

Mr. Roberge. About 6,000.

Mr. Curtis. Is the plan working out all right?

Mr. Roberge. Yes.

Mr. Curtis. Mr. Wilson?

Mr. Wilson (General Motors). The way the corporation runs its plants, the various divisions have seniority set-ups by plants. Some plants also have seniority set-ups by occupational groups within plants.

EMPLOYEES RETAIN SENIORITY RIGHTS

When we started our first defense operations, some of the employees were somewhat loathe to be transferred over to defense for fear the defense job might run out and then they would be out of their regular work; so we worked out a plan under which an employee transferred to a defense department or a defense plant keeps his seniority in the old plant and acquires seniority in the new plant from the time he starts his new work.

We did that a great many months ago, during the period from June 30, 1940, to June 30, 1941. We employed about 80,000 additional people in our various plants over the country, so that it has been only recently that we have had much of a problem with any laid-off employees or any problem of transfer. We have had no trouble finding suitable employees for the work. We have picked out the people we thought could do the work best on defense projects, and transferred them, or hired new employees.

In two places we did get cooperation from the local schools in training, at our Allison engine plant in Indianapolis and in connection with our machine-gun plant in Flint. In both of those places we specially trained new employees for the work.

EMPLOYMENT POLICY OF GENERAL MOTORS

Following the announcement of the large cut in business, we immediately put into effect an order that—

> no new employees are to be hired on defense or any other work in any plant in any city where General Motors employees with seniority who can do the work are laid off.
>
> Former General Motors employees without seniority will also be given preference on work they can do in new defense activities, provided they make application for such work.

That is the present General Motors policy.

Mr. Curtis. Would you say then, that by and large your transfer system is working out very well?

Mr. Wilson. I know of no problems in connection with it now.

We also have an agreement in our union contracts covering the transfer of employees within plants, so far as our regular work is concerned, and there is no reason why that same clause doesn't amply take care of the transfer of employees from nondefense to defense work.

Mr. Curtis. Could you state how many have been transferred?

Mr. Wilson. I don't know.

Mr. Curtis. Mr. Hill, what is your policy with respect to transfer of workers from civilian production to defense production?

NEW WORKERS HIRED FOR DEFENSE PRODUCTION

Mr. Hill (Murray Corporation). Our defense contracts started while our automobile work was at a peak, so we were unable to transfer people. We went outside and started to hire new people.

Some of these were very highly skilled people, such as draftsmen, engineers, laboratory and material-testing men, and aircraft engineers. However, since the cut has been made in automotive production, we have adopted a policy of not hiring any outside workers at all unless we cannot find a properly qualified man in our own organization.

Recently we have attempted to follow a new plan. When men are laid off in automotive production, we lay them off temporarily, and then, as rapidly as we can we transfer our oldest men from our civilian work into defense work, we hire back our employees with less seniority who have been laid off. That is the plan we are attempting to follow at the present time.

When we decide to transfer a man from civilian work to defense work, we give him the opportunity to decline. If he declines, he does not get another opportunity until the next time we call up more men, and when he goes to defense work he cannot "bump out," as the union says, any men of lesser seniority who are in the defense work.

Mr. Curtis. Does he retain his seniority in his civil work?

Mr. Hill. Yes, sir; and he builds up a seniority in the defense work.

Mr. Curtis. Mr. Weiss.

EMPLOYMENT POLICY OF PACKARD MOTORS

Mr. Weiss (Packard). In the first defense project that we started, which is now in operation, almost all the workers were taken from the car shops. There was hardly any hiring from the outside at all. On the next project, though, which is much larger, for the preparatory work we had to build up our tool rooms and that sort of thing, and we did employ quite a number of draftsmen and tool designers from the outside, in addition to those we had. But on production jobs we are transferring men from the car shops to the defense jobs every day, and have been for the last several months.

Mr. Curtis. What defense work is the Packard Motor Co. doing?

Mr. Weiss. Building marine motors for the mosquito fleet and Rolls-Royce aircraft engines for both England and the Air Corps.

Mr. Curtis. Have the skilled employees that you transferred had to have some additional training?

Mr. Weiss. Not the skilled men, so much, but we have had to give some training to the men on the production jobs.

Mr. Curtis. The lesser skilled?

Mr. Weiss. They are what we call semiskilled people, and even in some of those classifications we don't have enough in the car division trained to do the work, and we have to build up training programs from people from other classifications in that particular work in order to get a sufficient number.

Mr. Curtis. Mr. Waldron.

HUDSON MOTOR'S TRAINING PROGRAM

Mr. Waldron (Hudson). We started last February on quite an extensive training program, and we utilized about 20 schools in town, plus 1 of our own, in training our present or our former personnel, some of whom have been transferred. Some of our automobile workers have been transferred into the ordnance plant as the machines were delivered and installed, and that has gone along very satisfactorily.

They are transferred according to the plan I submitted with my brief to the committee.[1]

Mr. Curtis. What is the Hudson Motor Car Co. making?

Mr. Waldron. We are making 20-millimeter guns and a large number of ordnance parts in a newly erected plant on the outskirts of town. Also a section of the Martin bomber, and pistons and rocker-arms for Wright Aeronautical Co., and ailerons for Republic Aircraft Corporation.

Mr. Arnold. Mr. Carlton, I will direct this question to you, and it may be that you will want to conduct a panel discussion on it. If you do, please feel free to do so, because Mr. Thomas didn't hold back this morning. He spoke what was in his mind.

In his statement, Mr. Thomas, of the U. A. W., testified that the major responsibility for the prospective reduction in employment in the automobile business rests with the industries themselves.

The union's contention was, apparently, that the industry preferred to extend a prosperous automobile season rather than convert its facilities to defense production. In order that the record may be complete, I should like to have you gentlemen indicate what proportion of your normal civilian facilities has been converted to defense production.

PERCENTAGES OF EMPLOYMENT IN DEFENSE WORK

Mr. Carlton. That question, of course, will necessarily have to be answered by each individual company; but for my company (Motor Wheel) I will say that about 25 percent of our people are now employed on defense work, or will be by the 1st of October.

I am at a loss to understand why the first statement was made. All the companies with which I am familiar first offered their services in every possible way to every branch of the defense effort.

If you didn't get business that way, you then went at it as any salesman would—sell the Government your facilities. I know, as far as our company is concerned, we have done everything within our power to get additional business. We are still working at it, and hoping for additional business to keep our total number of employees working and our total sales volume up.

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[1] See p. 7354.

The parts industry initiates practically no business, as far as the automotive industry is concerned. We are the suppliers to the automotive industry, and as they go, we go, as they go down, we go down. We can't increase our business very greatly except by taking business away from competitors and getting more for ourselves, which means less for the other fellow. The parts industry has practically no influence upon the total volume of automotive business. Therefore, these men from the automobile industry can answer that question much better than I can.

Mr. Arnold. Mr. Roberge, do you understand the question?

Mr. Roberge. Yes.

Mr. Arnold. It charges that the responsibility for the prospective reductions rests with the industry. Mr. Thomas's contention was that the union recommended to Government officials and to business last November that the automobile companies should start a conversion over to defense production, instead of devoting their energies to a prosperous season and the designing of new models.

Mr. Roberge, what proportion of Ford's normal civilian facilities has been converted to defense production?

DIFFICULTY OF CONVERTING FACILITIES TO DEFENSE PRODUCTION

Mr. Roberge. I would say comparatively little, in our particular case, because our organization is highly specialized, and it would be difficult to convert the majority of our machinery to defense work unless it consisted of trucks or something akin to what we are now building.

We have built an airplane-engine plant which is now in operation, and the employees are drawn entirely from our automotive work. In addition, we have under construction a bomber plant at Ypsilanti, which probably won't get into production until early next year. Those employees will also be drawn from our automotive industry.

But it isn't simply a matter of converting our present machinery to some other form of manufacturing operation. That would be very difficult to do.

Mr. Arnold. Could you have curtailed automobile production last November, and started in production with your present plant instead of building of new plants?

Mr. Roberge. It depends on what particular article we were to manufacture, and also whether we had the order for that particular item at that time.

Mr. Arnold. Of course, I mean the articles that you are now manufacturing.

Mr. Roberge. Airplane engines? No.

Mr. Arnold. That would not have been possible?

Mr. Roberge. No, sir.

Mr. Arnold. Mr. Wilson?

MANUFACTURERS TENDERED THEIR SERVICES FOR DEFENSE PRODUCTION

Mr. Wilson. Personally, I think it is a very unfair criticism of the industry, because I know the spirit of the industry—the men in it—not only in General Motors, for I am well acquainted with most of the men in the industry. On October 15, 1940, when Mr. Knudsen talked to the Automobile Manufacturers Association in New York, the whole group went on record in a formal statement of policy on the matter. All of us, not only the General Motors Corporation but all others in the industry, have stood ready to take any project that we could get or that any department of the Army or Navy or O. P. M. wanted us to take.

I don't know of any refusal by the manufacturers to use their organizations and facilities for defense work.

There is quite a misconception about the percent of facilities in the automobile business that can be used to produce defense materials.

I know in our case I made an offer to use the Tonawanda-Buffalo plant on defense months before it was accepted. I think the criticism you quote is very unfair and shows a lack of knowledge of how to run a manufacturing business.

Mr. ARNOLD. Last October, then, the industry did not say: "We will go into defense production after we have a profitable automobile season"?

Mr. WILSON. No, no. In fact, I have the resolution. I don't know whether it has been put in your record or not; if it has not, it should be.

The CHAIRMAN. We will permit it to be inserted.[1]

Mr. WILSON. The resolution was drawn up October 15, 1940, and as far as I know, no one has built a motor car that got in the way of defense. There was no labor shortage of any importance that I was acquainted with in Michigan or anywhere else in the automobile industry.

We had no employment problem. We could hire all the men we wanted to do any jobs that came up.

One thing that is overlooked is that this defense program started as a relatively small one a year ago in June and July and that even up to about the middle of last April, only about $15,000,000,000 of contracts had been let by the Army and Navy. As far as I know, no one in the automotive industry has refused to take any contracts or has been unwilling to use any facilities that he had.

The machine-tool equipment in our plants is mostly specialized for specific purposes, and perhaps 15 percent of it at the most can be used on a particular defense project. That 15 percent is usually the type of machinery that can be the most easily obtained, so that hasn't been much of a help.

GAP BETWEEN APPROPRIATION AND PRODUCTION

The CHAIRMAN. Mr. Wilson, did the bottleneck come after the Congress had passed the big appropriations? Is there some gap between appropriation and production?

We voted an appropriation of $7,000,000,000 in the lease-lend bill. The President's message stated that only $190,000,000 of it had been spent. Is there some gap there? Do you see what I am trying to get at?

Mr. WILSON. There most assuredly is a gap. If you start out today to buy something that is all designed and in production, but your supplier has not bought the material for it and has not started the fabrication, you will be lucky to get it in 3 months.

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[1] See Exhibit B, p. 7347.

If it is something new that requires tooling, even though the supplier has the machine tools and the plant to make it, you will be lucky to get it in 6 months.

If he has to buy new machine tools and build additions to his plant or change the plant materially, get material and get organized to do it, 9 months will be a good job. When you pass an appropriation in Washington, you must realize that money alone won't produce the goods; that a lot of human effort has to go into the job somewhere, and that we have to get the tools and organization together first.

The CHAIRMAN. In other words, it still takes 9 months; is that what you are trying to say?

Mr. WILSON. It certainly does.

Mr. ARNOLD. I think the charge of Mr. Thomas was that instead of converting your Buick plant at Flint, a plant was started in Chicago, and his contention was that a conversion could have been made much more quickly in the Flint plant than to build a new plant in Chicago, where you don't have the skilled mechanics, and this unemployment could have been avoided by having done that.

Have you any comment to make on that?

EXPLAINS LOCATION OF PLANT IN CHICAGO

Mr. WILSON. If you think it will be enlightening, I shall be glad to do so. In the project that you are talking about—the Buick-Pratt & Whitney engine project—part of the work will be done in Flint. That is, Flint will be a supplier of the Melrose Park plant, just as our Cadillac division here in Detroit is making parts for our Allison engine plant in Indianapolis. To the degree that buildings, equipment, and processing fit in, we are putting that work in Flint.

The main assembly plant on the motors could have been put in Flint or perhaps any other place. At the time the decision was made, we made a survey of unemployed people and the number on relief, in several different territories.

We were also desirous of spreading the corporation's activities in better proportion to the amount of business that we receive. For instance, the amount of business we have in the State of Illinois, in proportion to the magnitude of the corporation's operations, made it advisable to locate this plant there. That was one reason we built our Diesel electromotive plant near Chicago at LaGrange. Besides, we felt we already had a tremendous obligation to the city of Flint in proportion to its size.

We did not foresee the present drastic cut in the automobile business. Personally, I believe the necessary curtailment could have been less severe had the flow of material been better planned.

MALADJUSTMENT OF MATERIAL FLOW

It is much easier to disorganize things than it is to reorganize them. There is at present a maladjustment of material flow. There are people getting material on priorities who are going to have it piled up in the mud and will not use it for months. This is going to cause a shortage of supply in the automobile industry.

The CHAIRMAN. What do you suggest to remedy that situation?

Mr. Wilson. Years ago in the automobile business we learned how to schedule the flow of material and the production of parts, and that is really the essential of the mass production idea.

It isn't conveyors that are so important. It is really a planning of the business on a progressive flow of material with interchangeable parts and balanced production operations.

We in the automobile industry learned how to do that, not perhaps because we were so smart, but out of necessity. With our own annual model-change program, if we didn't properly plan the flow of our material, we had a lot of unbalanced material left at the end of the model run on which we had to take a big loss.

On the other side, if we didn't get the thing started on time, we wouldn't get our production out; so the industry has learned how to lay out a business and run it.

It isn't much of a trick to run something that has been going along for years doing the same kind of thing; but if you have to shut that down and start it up again every now and then, you had better get your operations balanced and control what is going on.

SUGGESTS STUDY OF MATERIAL FLOW

Now, my suggestion would be that more of a study be made of the flow of material in the country to defense industries. If a man takes a contract for 1,000,000 shells or 20 boats, or what not, he is going to need a certain amount of material; but he doesn't need to buy it all right now and have it all shipped to him.

The Chairman. Mr. Wilson, don't you think that we need an inventory in this country of labor, skilled and unskilled, and of material and other supplies? In other words, if the Army and Navy needs 50,000 tons of steel, and we have a production of 100,000 tons, don't you think it wise to arrange an equitable distribution of the balance of that supply, a fair allocation for civilian needs of the country?

Mr. Wilson. As far as I know, no one has appraised the requirements of the defense program in terms of material.

The Chairman. We haven't found any such appraisal.

AUTOMOBILE INDUSTRY KNOWS ITS REQUIREMENTS

Mr. Wilson. We know in the automobile business how much steel, copper, zinc, nickel and everything else goes into 1,000,000 cars, or 100,000 cars, and we know how we want each kind of material to come in. And the same thing should be done on the defense projects.

As near as I can find out personally, the defense requirements for raw materials are not as tremendous as many people think.

The Chairman. Have you any reason to believe that the Army and Navy are storing up, unnecessarily, great surpluses of materials?

Mr. Wilson. I don't know of a specific case. I know that it is a very human thing to want to store if one thinks there is going to be a shortage.

The Chairman. You are not doing that, are you?

Mr. Wilson. We are following our standard procedure.

Probably we are going to run out of certain things because we haven't stored.

In General Motors, we run the business on a 3-month forward schedule, plus the current month. To buy material beyond that requires special approval.

Our various operating divisions try to run within that limit. At times you have to make your commitments beyond that, but in normal times, that schedule usually takes care of the situation.

FEAR CREATES SHORTAGE

Probably you recall what happened when the report went around that there would be no more silk for stockings. All the ladies rushed to the stores to get their stockings, didn't they? Now, as soon as the word goes out that zinc is going to be short, everybody who needs some zinc or has made a commitment to supply material using zinc—he may have made the commitment over a year ago—will try to get that zinc right now, so he can make good on his commitment. If he has committed himself to a price on the finished article he is going to try to get the material to make good on his price. He is going to try to get it right now.

The CHAIRMAN. What would you have recommended, Mr. Wilson, that the ladies do? Would you have said, "Don't wear silk stockings," or, "Don't wear stockings at all?"

Mr. WILSON. No; I am saying it is a very human thing for everyone—Army, Navy, ladies, or anybody else—to try to protect one's own situation. You are almost sure to create a shortage as soon as you have a fear of a shortage.

Mr. ARNOLD. Mr. Wilson, I wonder if you would tell us how the survey was made in Flint, and whether we could have a copy of it for the record?

FLINT PROJECT RELATIVELY SMALL

Mr. WILSON. I think I have a memorandum of the figures reflecting the unemployment situation which was a factor in our decision. I would like to point out in addition that this is a relatively small project as compared to the requirements of the whole General Motors problem.

If I remember correctly, the Melrose Park plant is around 1,000,000 square feet. General Motors has over 60,000,000 square feet of plant space.

The CHAIRMAN. Isn't your policy in this instance the same that is being followed in many other defense industries?

STANDARD OF LIVING MEASURED BY CONSUMPTION OF GOODS

Mr. WILSON. You mean starting new plants in new places? I don't know. Generally speaking, I think the point of view has changed somewhat during the past 12 months. As I remember it, before the election there wasn't a great deal of emphasis put on the fact that we were going to be short of a lot of things in this country. The way I look at it right now, we are not going to have plenty. The standard of living is not measured by the wage per hour but by the consumption of goods. That is the thing we have to live by, so if we are going to curtail a lot of things in this country, we are going to have a reduced standard of living. Lots of people are going to be without the things they have been accustomed to for years.

Mr. Arnold. Now, would you indicate what proportion of your normal civilian production facilities has been converted to defense production?

Mr. Wilson. I am not accustomed to thinking of it in those terms, so I can't very well give it to you.

PROPORTION OF FACILITIES IN DEFENSE PRODUCTION

Out of around 300,000 employees last June, about 200,000 were working on passenger-car production. The other 100,000 were working on defense items, refrigerators, Diesel locomotives, and the other products that the corporation makes, including trucks; so that this reduction in business affects the 200,000.

In other words, this schedule that is in prospect for next May, June, and July is, in the case of the corporation, something around 30 percent, or a little less, of the production in 1941. Seventy percent of 200,000 would be 140,000 people, and that is a good many people to organize in other work in that length of time.

Out in the corridor I have a chart, which I happened to have prepared for other reasons, that lists the products the Corporation is making. I think if you gentlemen would care to look at it you will get a picture of what the Corporation is doing.[1]

HAS OVER 500 ORDERS FOR DEFENSE

We have over 500 orders for defense. We are making good on substantially everything we have contracted to do. We are not behind on anything important, and most of our projects are well ahead of our promised deliveries.

I am a little bit embarrassed about giving you the facts, because the Army and Navy have asked us not to talk about production figures in terms of Allison engines, or so many shells, or so many guns. I have the figures, of course.

Mr. Arnold. We don't want you to divulge anything that is confidential.

PERCENTAGE OF MECHANICAL-GOODS PRODUCTION CAPACITY

Mr. Wilson. I can show you some other charts also, if you want to pass them around, showing how we are up to date.[2]

I believe the production facilities of General Motors Corporation are underestimated by most people. The corporation has perhaps 8 percent of the durable-goods production capacity of the United States. It may seem as if we have been given a good many defense contracts but they total less than 5 percent of the value of all defense contracts. We have worked hard at it. Perhaps some people have criticized the fact that a big corporation was given so much business. But actually we don't have our proportion of the load, with relation to our ability to produce, and we have the big shot of the unemployment and the big shot of the change over. This is because we haven't built so many new plants.[3]

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[1] See p. 7344.
[2] See table, Exhibit E, p. 7349.
[3] See Exhibits F and G, pp. 7349 and 7350.

I think I read somewhere that 800 plants had been built in this defense program. Certainly the corporation hasn't got its share of those 800 plants.

Mr. ARNOLD. I will repeat this question for Mr. Conder, because he was not here when I asked it before.

Mr. Conder, in his statement this morning, Mr. Thomas testified that the major responsibility for the prospective reduction in employment in the automobile industry rests with the industry itself. The union's contention apparently was that the industry preferred to extend the prosperous automobile season rather than convert its facilities to defense production.

In order that the record be complete, I should like to have you gentlemen indicate what proportion of your normal civilian facilities has been converted to defense production.

Mr. HILL. Wouldn't the answer to Mr. Thomas' question best be arrived at by asking the authorities in Washington who had the placing of these orders to give us a list of those automotive concerns who had refused to start an order when asked?

THINKS NOBODY IN AUTOMOTIVE INDUSTRY HAS REFUSED TO COOPERATE

Mr. HILL. I think you would find that list difficult to get. That is, I don't think it exists. I don't think that anybody in the automotive industry has deliberately refused to cooperate with the Government.

In our own experience (Murray Corporation) some of the aircraft industry representatives came to our plant last August and looked it over. We had some vacant floor space and they said it was adaptable to aircraft work. From that time until the time we got our contract, before we knew whether we were going to get business or not, our company expended upwards of $100,000 of our own money and sent some 70 men to the Pacific coast to receive training.

I cite that, not in especial praise of our organization, but as typical of what I believe was done throughout the entire automotive industry.

Mr. ARNOLD. When did you start production in that space?

Mr. HILL. We are just starting production now. We have to go through the preparatory period too.

I would like to cite another typical experience. This doesn't happen to concern our own company, but one of the automobile companies in Michigan. At this time it is undertaking the job of building parts and complete bombers for the Army, and they have to have done in this area or hereabouts 6,000,000 man-hours of tool work before they can build an airplane. When you divide that by 8 hours per day, or 10 hours per day, you can see how many man-days it will require and how many men would have to be employed.

Mr. ARNOLD. What proportion of your normal civilian facilities, Mr. Hill, have been converted to defense work?

Mr. HILL. I have to answer that much as Mr. Wilson did, because facilities could mean floor space, machinery, equipment, and so on.

Forty percent of our employees are now on defense work. or in preparation for defense work.

One other point regarding the building of new plants, that may be pertinent here: Many people are wondering why automobile manufacturers haven't undertaken this work, and why they build new plants. The public generally does not appreciate that when an automobile manufacturer builds a new plant under a D. P. C. contract,[1] that plant belongs to the United States. He builds facilities that contribute nothing to his own welfare. Therefore, if he were selfish, he would do his very best to convert his own facilities for the defense program, instead of building new ones. Obviously the only reason he doesn't is because his own plants are not adaptable for the purpose.

SOME EQUIPMENT CANNOT BE CONVERTED

Mr. Weiss (Packard). In our own plant we did divert some floor space and some equipment to defense work, but the nature of these defense projects is such that the equipment that you use for automobiles beyond a certain point just does not convert. In other words, defense requires different types of equipment, and in frequently larger numbers of units, and there must be space for it. Therefore, you require additional space and additional equipment in order to do the job.

Mr. Arnold. Mr. Weiss, can you give us the percentage of your normal civilian facilities that has been converted at this time to defense production?

Mr. Weiss. I can't tell you excatly, but I would say it was approximately 15 or 20 percent.

Mr. Arnold. Mr. Waldron?

Mr. Waldron (Hudson). Our ordnance work requires an entirely different type of equipment from what we have, and it would be out of the question to convert any of our machine-tool facilities for that type of precision work. The equipment for ordnance must be universal enough to take care of thousands of different parts.

As Mr. Wilson says, most of our automobile equipment was purchased and designed for a special part, and is altered to take care of the same sort of part on the next model.

Naturally, our present equipment is not adaptable to aircraft bomber sections.

DEFINITION OF PRECISION WORK

The Chairman. Mr. Waldron, would you define the expression "precision work," for the purposes of the record?

Mr. Waldron. I did not mean to emphasize "precision" as much as I did the "universal" character or adaptability, of the equipment on fine ordnance work.

We may have 50 parts of 1 breech mechanism to do in 1 day, and maybe 25 of a torpedo tube the next, and so on. Because of the diversity of the products to be manufactured, we had to have universal equipment, which we didn't have in our shops.

The Chairman. What is precision work?

Mr. Waldron. Ordnance work is in the category of precision work—gears and things of that kind. Those gears cannot allow any backlash, and they have to be lapped. The equipment that we have had for making some of our automobile gears where backlash is desirable wasn't adaptable for that sort of thing.

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[1] Defense Plant Corporation.

We were operating a naval plant, erected by the Navy for us to operate, and we were left with the problem of providing the new equipment for the type of work which they required of us. They required us to build many types of products.

Mr. Arnold. Did you say that none of your civilian facilities has been converted to defense production?

Mr. Waldron. Oh, yes; we have some—our plant space, of course, and some of our equipment has been converted for die work for Martin bombers.

Mr. Arnold. Could you give a percentage?

TWENTY PERCENT OF EMPLOYMENT ENGAGED IN DEFENSE WORK

Mr. Waldron. I couldn't give you the percentage of floor space, but we are using approximately 20 percent of our employment—normal employment—in defense work now, and that percentage will increase as the months go on.

Mr. Arnold. Mr. Conder, do you understand the question?

Mr. Conder (Chrysler). Yes. We have had the same experience as the other gentlemen have related. A little of our machinery is adaptable to the defense work which has been allotted to us. In a few instances we have moved machinery from automobile production to defense work, but by and large we have had to get more new machinery.

We have one of the new plants that Mr. Wilson has referred to—a tank arsenal. There were no facilities that we could use to build tanks where we had been building automobiles.

The majority of the machinery at the tank arsenal is new machinery. I have sat in a number of meetings where there have been discussions of what machines can be used on defense work, and arrangements have been made to pull those machines from automobile production and put them on defense.

AHEAD OF CONTRACT PROVISIONS ON SOME JOBS

We have made every effort to do the defense job quickly and well. On the tank job and the Bofors gun job we are ahead of the contract provisions. We have had some difficulty in getting blueprints and engineering data. That has held us up. We have had some difficulty in getting the new machinery as rapidly as we were ready to use it.

Those things have improved. We are coming along very well on the tank job and the gun job.

Mr. Arnold. Can you say what percentage——

Mr. Conder. I can't tell you the percentage, from the standpoint of employment or machinery; but I do know that much of our defense work is being done on the floor space that was formerly used for the assembly and manufacture of automobiles.

Mr. Carlton. I think, Mr. Chairman, these gentlemen, in their natural modesty, have overlooked the finest example of cooperation by industry that I have ever known, and I would like to introduce or hand to this committee a copy of the final report of the automotive committee for air defense.

The CHAIRMAN. We will insert it in the record.[1]

EDUCATIONAL EXHIBIT ARRANGED

Mr. CARLTON. On the 25th of October 1940, Mr. Knudsen, General Arnold, and General Brett and several others came to Detroit. They had a meeting with about 100 manufacturers of automobiles, trucks, parts, tools, and dies.

They asked for our cooperation in educating our industry in building bombers. By the 29th of October this committee had leased over 30,000 square feet of floor space. They elected a committee consisting of passenger car, truck, and parts manufacturers. They had an employed staff operating by the 1st of November and started an exhibit with the help of the Air Corps. The Air Corps assigned Maj. Gen. James Doolittle to us. We conducted for months an educational exhibit, in which we set up actual parts of bombers and whole bombers, in huge floor space that we rented at our own expense. We invited all the manufacturers from the automotive industry and elsewhere to come and take a look at the terrific job that was before us to build bombers and bomber parts.

Over 2,000 manufacturers visited that exhibit. Questionnaires were made out, and over 700 people turned over questionnaires giving their complete plant description, after studying the pieces they had to manufacture.

Our job was first to educate the automotive industry and all industry in this territory as to what a bomber is, how it is made, how many hours it takes to produce a bomber.

ONE BOMBER REQUIRES 8,000 BLUE PRINTS

You might be interested to know that 8,000 blueprints were required for this Martin B-26 bomber, plus 50,000 hours of labor, excluding the Government-furnished parts, which are the motors, the landing gear, the tires, and the wheels and all instruments on the instrument board.

Mr. Knudsen delegated through O. P. M. a number of men to work with this committee, and I remember the day they came to us and said:

"Now, we have got to get in mind exactly what we want to do."

100-PERCENT COOPERATION

We called upon these people who are in this room and asked them to take definite parts of that job. I have never seen a more remarkable job of 100-percent cooperation than that committee had, under the name of the Automotive Committee for Air Defense. All the expenses of that committee were paid by the committee itself through its various members.

As a result of that committee, the Ford Motor Co. undertook the terrific job of building the B-24 consolidated bomber, which requires 100,000 hours of labor outside of Government-furnished parts.

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[1] See Exhibit D, p. 7317.

General Motors undertook a part, and Chrysler undertook a part, and Hudson undertook a part, and then they subcontracted until I know today that there are at least 800 smaller manufacturers getting contracts for parts from all of these companies that are going to build these bombers.

BOMBER PROGRAM AN OUTSTANDING COOPERATIVE JOB

That bomber program is one of the outstanding cooperative jobs that I know about in the industry.

Mr. ARNOLD. Of course, you gentlemen realize that we, as members of Congress, know that this Nation started the defense program with very few facilities for production. It was then a problem of conversion from peacetime industry to defense industry. We know the problem, but some of the people of the Nation don't understand it; and it is well to have this information brought out so that misunderstandings can be cleared up.

Up until today I have never heard any criticism of the automobile industry. I have heard only praise of what the automotive industry has done toward speeding up the defense program.

Mr. CARLTON. As managing director of that committee, I contacted every manufacturer of automobiles, trucks, and parts, and never were we refused when we asked one of them to do anything. Most of them came to us and said:

"You are not asking us to do enough."

Mr. ARNOLD. That is marvelous cooperation and the Nation is certainly fortunate in having manufacturers who are organized as your factories are.

Mr. WILSON. Having also been a member of that same committee, I would like to add a little comment, when Mr. Carlton reports on what we did and how we tried to cooperate with Government. The industry started out with a great deal of enthusiasm. We were somewhat disappointed when we couldn't get hold of anything to go to work at for quite a while.

You gentlemen might look up the dates when Congress actually appropriated the money to buy these bombers and when the technical job of deciding exactly what bombers we were to produce was completed and when the contracts were finally let.

BOMBER PROGRAM NOT DELAYED BY INDUSTRY

I am suggesting you do that because I think there is going to be a little disappointment in the country—perhaps by early winter—that more bombers have not been produced. And I would like to make it clear that this was not due to lack of cooperation by the automobile industry.

The CHAIRMAN. I am sure, Mr. Wilson, that today in America one of the most baneful influences is indiscriminate criticism, criticism which is not based on facts. All this is very enlightening. We hear criticism on the floor of Congress, too, and that is one of the reasons why we are here.

Mr. CARLTON. Mr. Congressman, I happen to know that the Hudson Motor Car Co., with whom I have worked very closely, spent $100,000 trying to find out how they could build aircraft before they got an order. I happen to know that the Ford Motor Co. spent many times that amount of money before they were even promised an order; and that is the way it went through the industry.

Following that, the industry was very disappointed because it was many months before they could get hold of an order, or any letter of intent, that indicated that we might go to work on the job.

DELAY IN ISSUANCE OF LETTERS OF INTENT

All through November, December, January, and February nothing like a definite, official order was issued, or even the letter of intent. But this industry didn't wait for that. The Ford Motor Co. surprised us by having a plant all laid out, and all the engineering work done on the plant, long before they even had a letter of intent with any authority to go ahead and do anything about it.

The Chairman. But, Mr. Carlton, let us be a little charitable to Washington. From the executive and legislative standpoint, it has been a big problem, too, hasn't it? To decide on priorities and price control and such matters as that is a tremendous job.

Mr. Carlton. The Army and Navy and Air Corps started from a little bit of a business before this emergency, and have developed into the biggest business in the country in less than a year's period. They had a terrific job of organization on their hands.

Mr. Osmers. Mr. Carlton, the suggestion has been made to this committee since we have come to Michigan, that subcontracting would be vastly speeded up if the manufacturers of motor parts, the prime contractors in these defense orders, were loaded up, and that business would then go out to all of the suppliers, many of whom are today without employment or are facing the prospect of a loss of business with the curtailment of automobiles.

Now, how is it that so many of the small businesses in the United States have been left out of defense work entirely?

FARMING OUT OF CONTRACTS

Mr. Carlton. There just hasn't been enough business to go around. The whole thing comes down to a matter of production planning. For example, our first idea of building a bomber was that we had a lot of vacant offices that we had leased, and we were going to ask each one of the bomber manufacturers who was the sponsor of a given ship that had been standardized by the Air Corps to set up an office with us, bring in all of his blueprints, and tell us what he wanted, and we would bring all the suppliers to him. We had a vision in the beginning of bringing a thousand suppliers in, and the bomber manufacturers simply didn't have the organization to do the job. Finally it had to be handled just one way. Large jobs had to be turned over to certain organizations which were given the whole assignment of production and planning, which were then allowed to farm that business out.

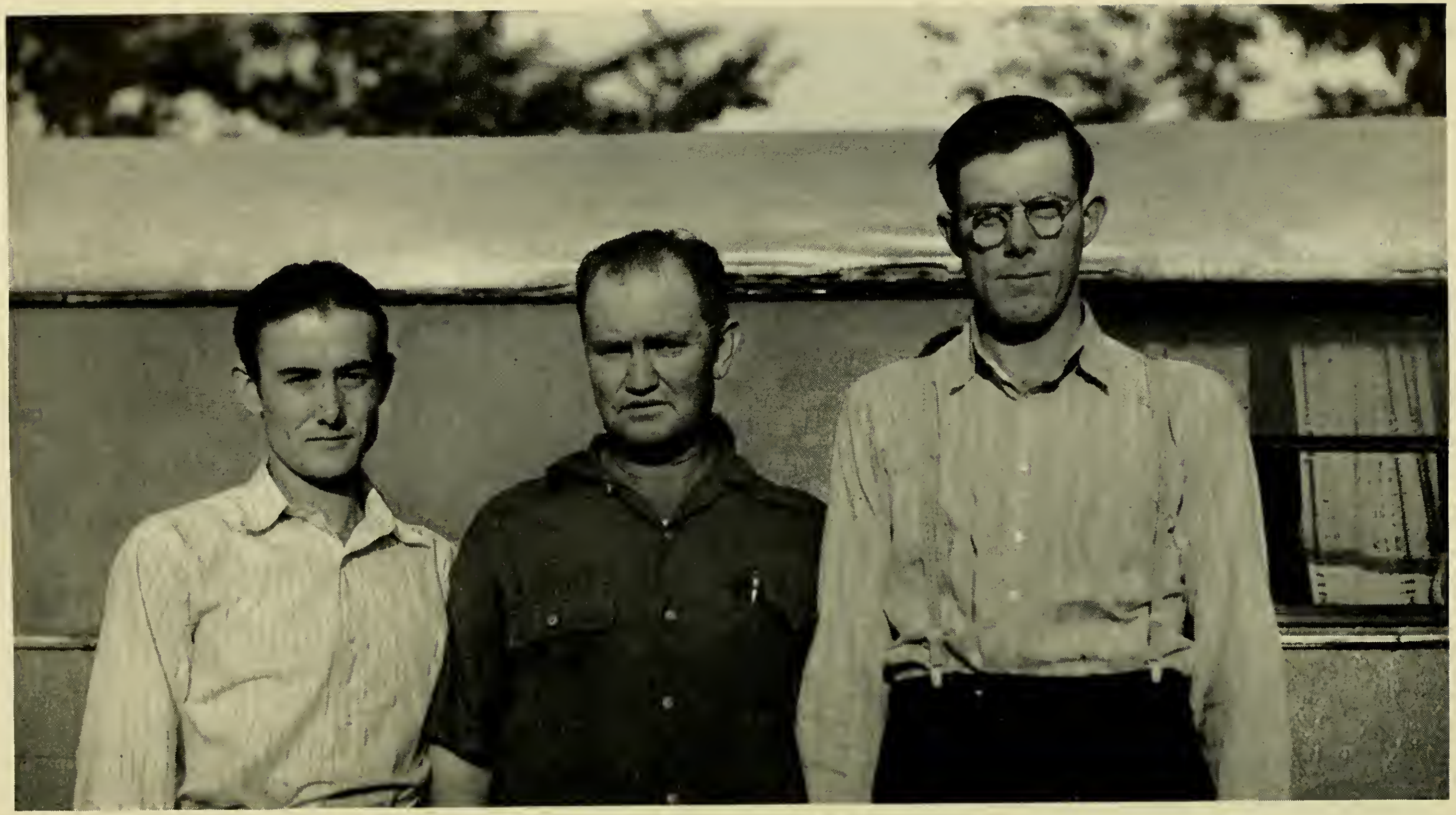
I have a great sympathy for the small manufacturer who has not been able to get any business, and I know a number of them who are closed entirely.

Mr. Osmers. I was thinking not so much of the man who didn't get any new defense business, but of the man who lost all his own business in addition to that.

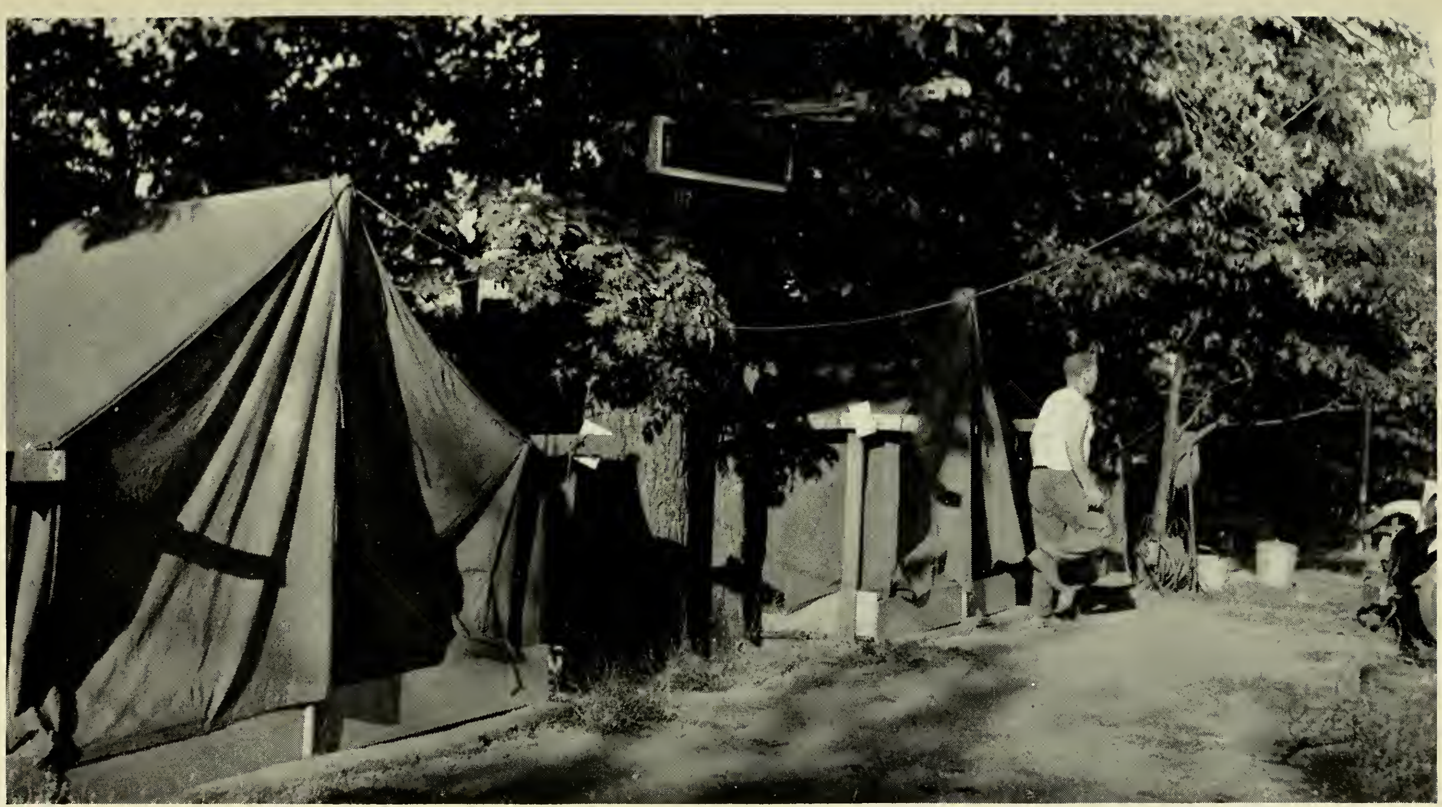
Mr. Carlton. I know a number of plants that are definitely closed.

"Second largest industrial concentration in the world" was the prediction the committee heard from a witness describing the Ford bomber plant now under construction at Ypsilanti. Mich., and pictured above. For its share of Michigan's $4,000,000,000 defense production, this plant, when it goes into operation early next year, is expected to require 60,000 workers. (See p. 7107.)

The above photograph and those on pages following were selected from an exhibit submitted by the Farm Security Administration, U. S. Department of Agriculture, at the committee's Detroit hearing. The pictures were entered as part of the record, and those not reproduced here are held in committee files.

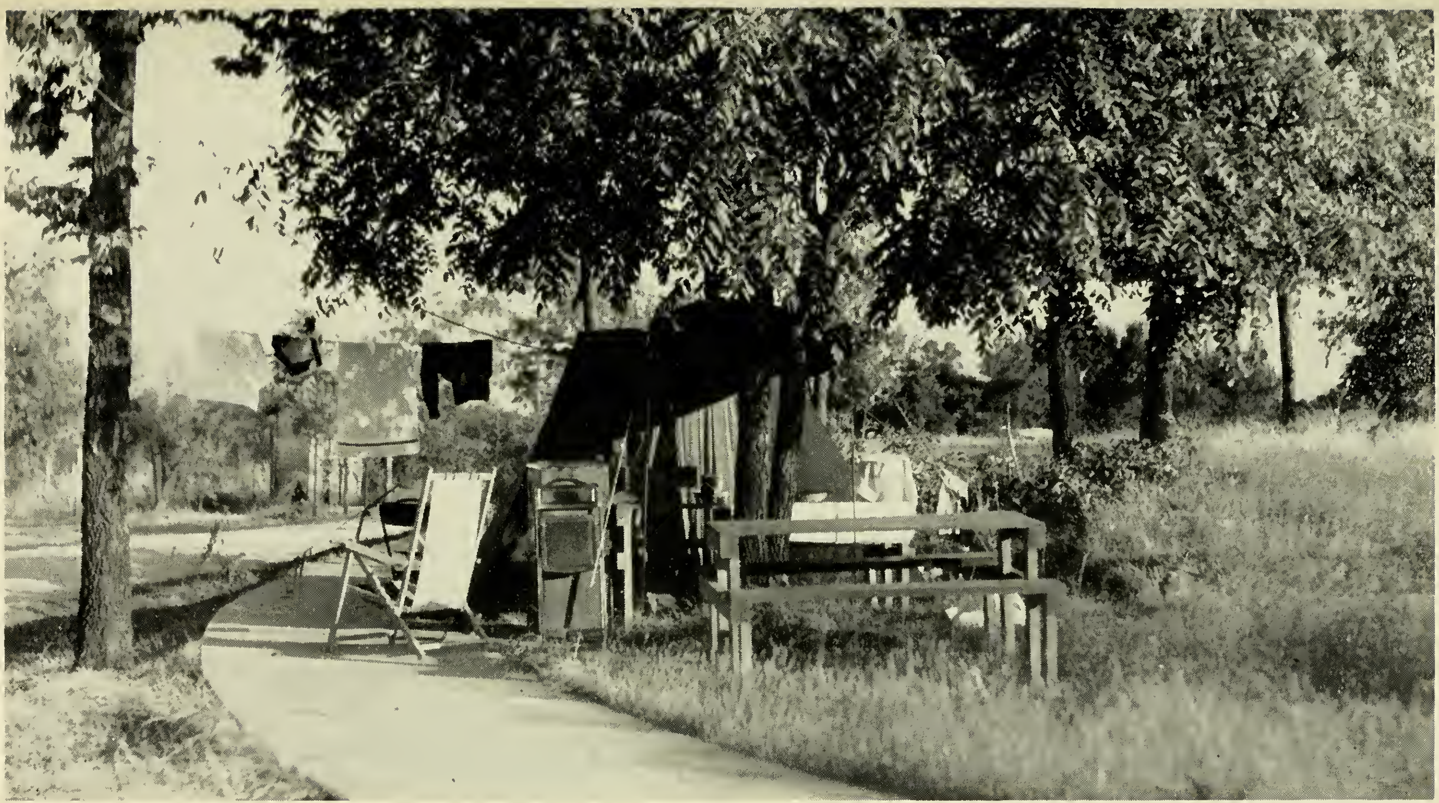


Construction workers employed on the huge Ford bomber plant. The plant site is in open country, and these men live in a trailer. Thousands who will be making airplanes next year will drive 15 miles to work each day on expressways, according to the State Highway Commission, which explains that building the roads is cheaper than building new housing near the plant. (See pp. 7105-7106.)



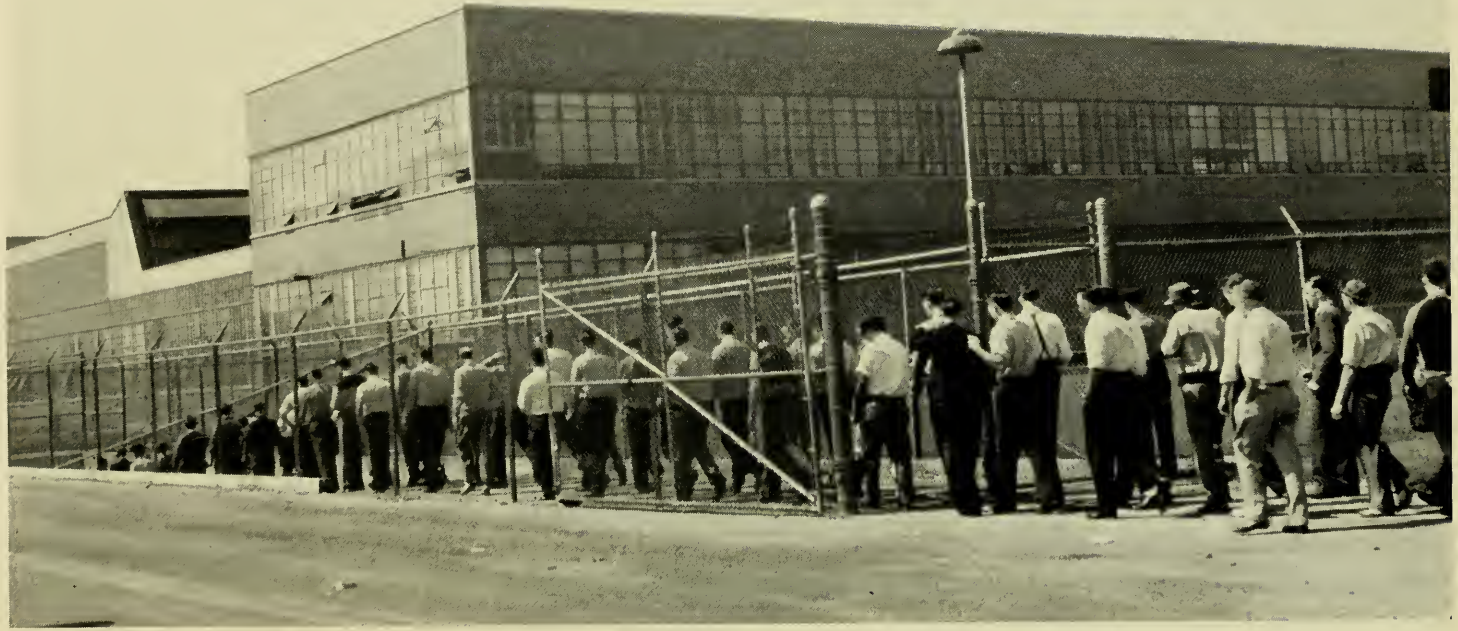
Defense construction workers who have no trailers of their own must pay $5 a week rent for these tents in the vicinity of the Ford plant at Ypsilanti.

This man, employed in the construction of the Ford bomber plant at Ypsilanti, is glad he took his trailer when he and his wife left their home in Flint. He is writing off the investment at the rate of $5 a week, which he would have to pay as rent for living in a tent if he had not bought the trailer.

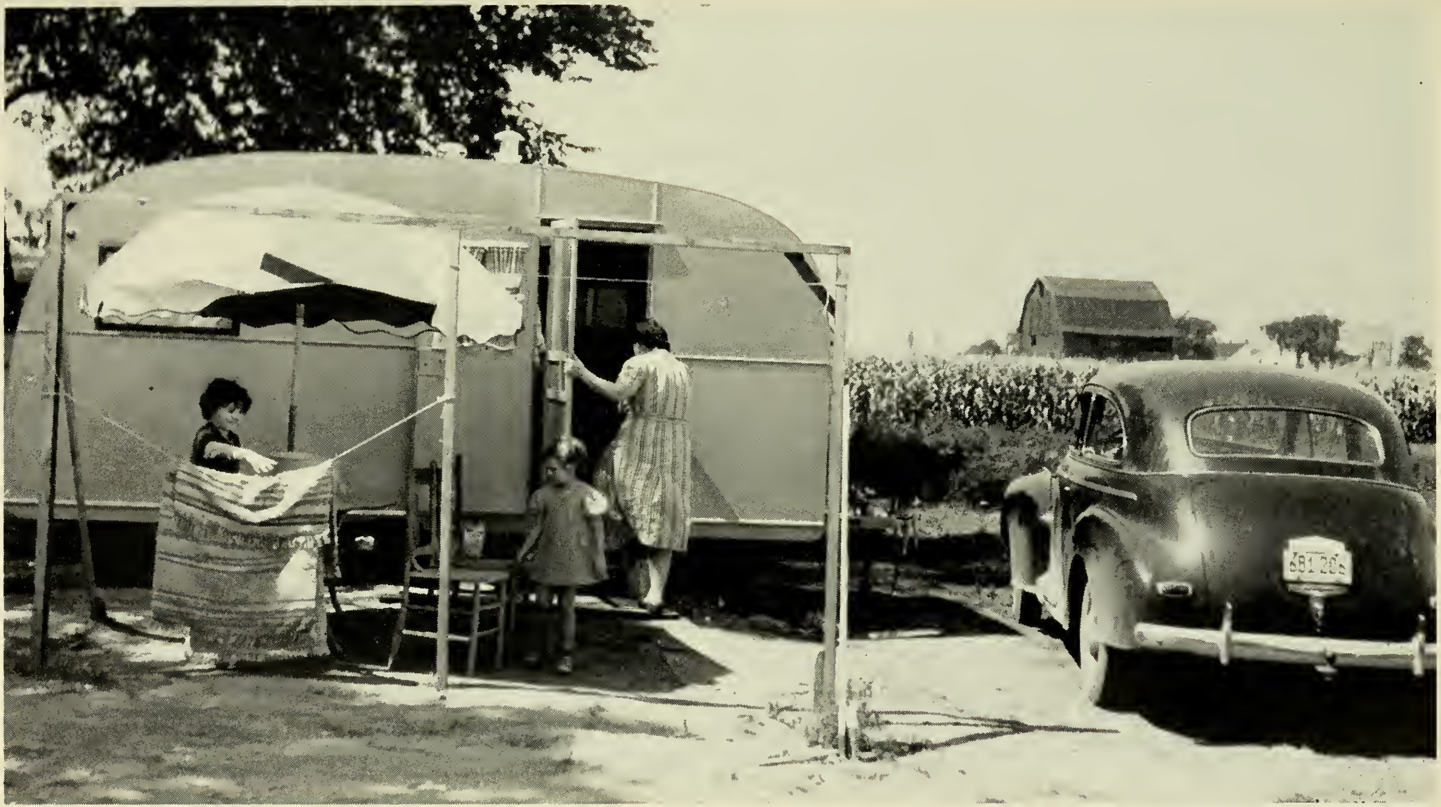


7374–E

This $21.50-a-month tent-home in Edgewater Park, Belleville, near the Ford bomber plant, was a bit crowded with its tenant's belongings. The family will have to seek other quarters when winter comes.



"When production ceases for national defense, Macomb County will be faced with either an exodus or an appalling unemployment problem, which in either case will be serious" (p. 7690). Since June 1, 1940, 23 new plants have gone up in Warren Township, mostly for defense. Above is shown the pay line at the Dodge truck plant in that community. Of the 3,824 employees, 1,682 were working on defense when this picture was taken.

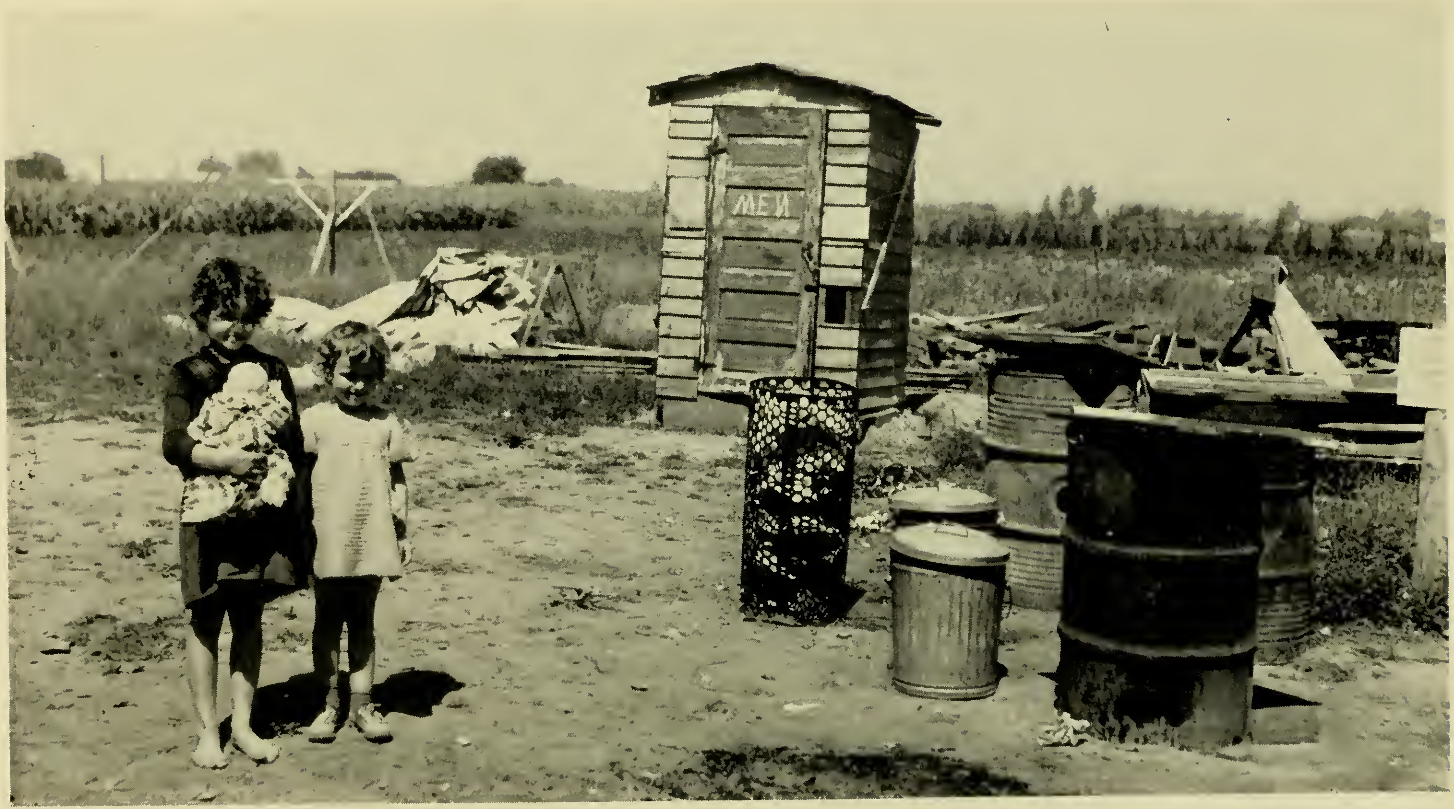


A $1,800,000 Federal housing project has been approved for Macomb County. Meanwhile defense workers live as shown above. This family's car bears a Minnesota license plate.

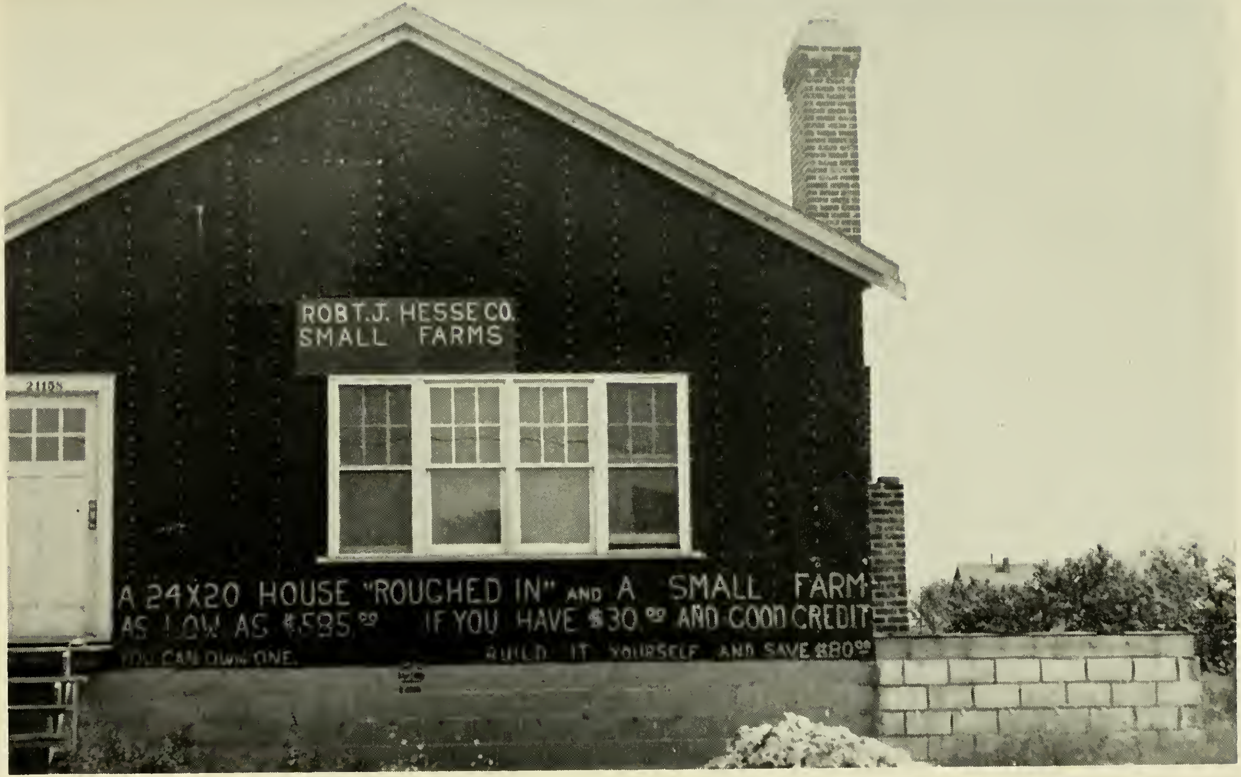
This family's income is derived from defense industry in Warren Township, Macomb County. Three-fourths of that community's present industrial development is national defense.

This defense worker rents a trailer at the rate of $26 a month.

7374-J



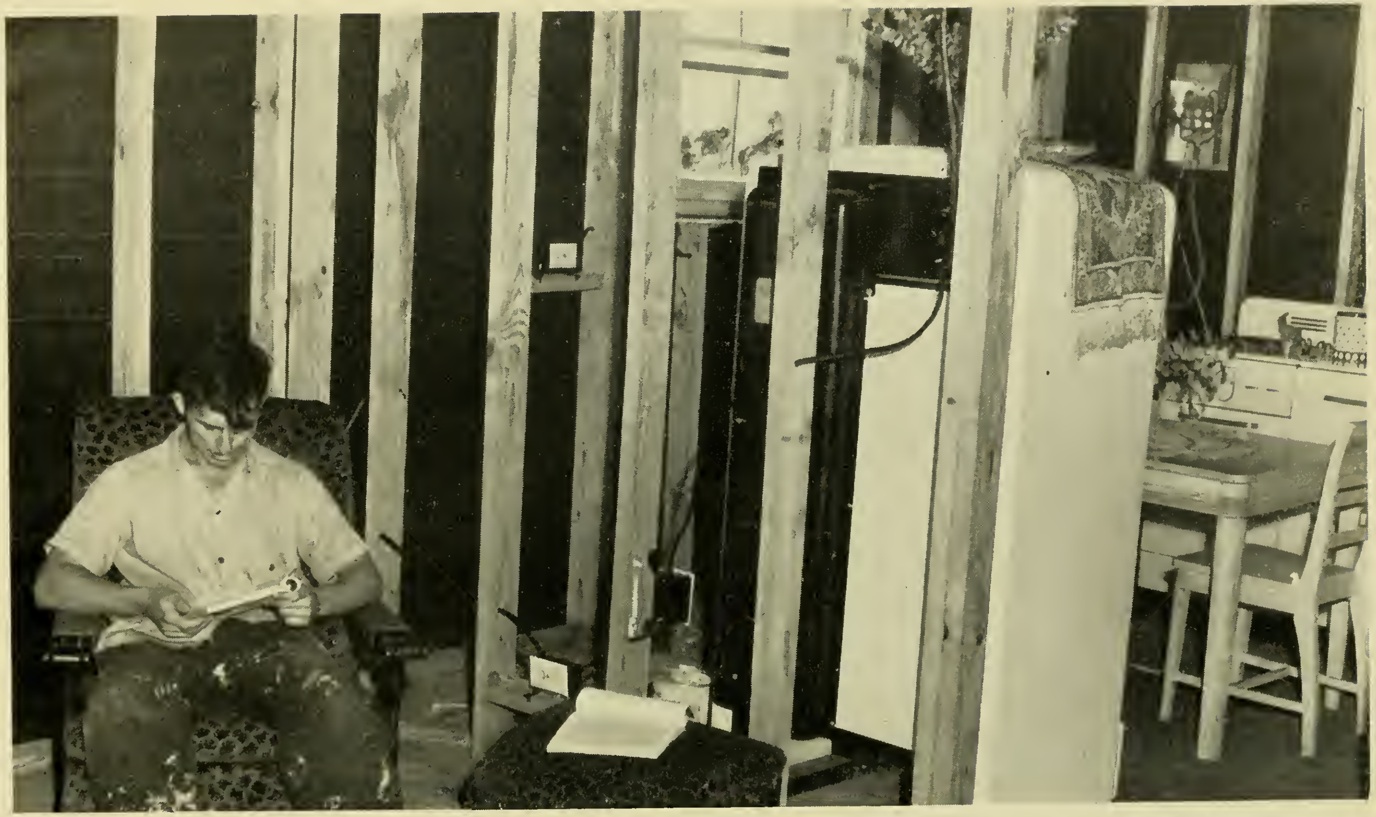
Of the total of 450,000 dwelling units in the city of Detroit, a recent survey showed 4,050 vacant. This vacancy ratio of .09 percent compares with 5.6 percent in 1938. Trailer parks on the outskirts of the city, where many defense workers live, provide environments for the children as shown above.


ROBT. J. HESSE CO.
SMALL FARMS
21158
A 24X20 HOUSE "ROUGHED IN" AND A SMALL FARM
AS LOW AS $585.00 IF YOU HAVE $30.00 AND GOOD CREDIT
YOU CAN OWN ONE.
BUILD IT YOURSELF AND SAVE $80.00

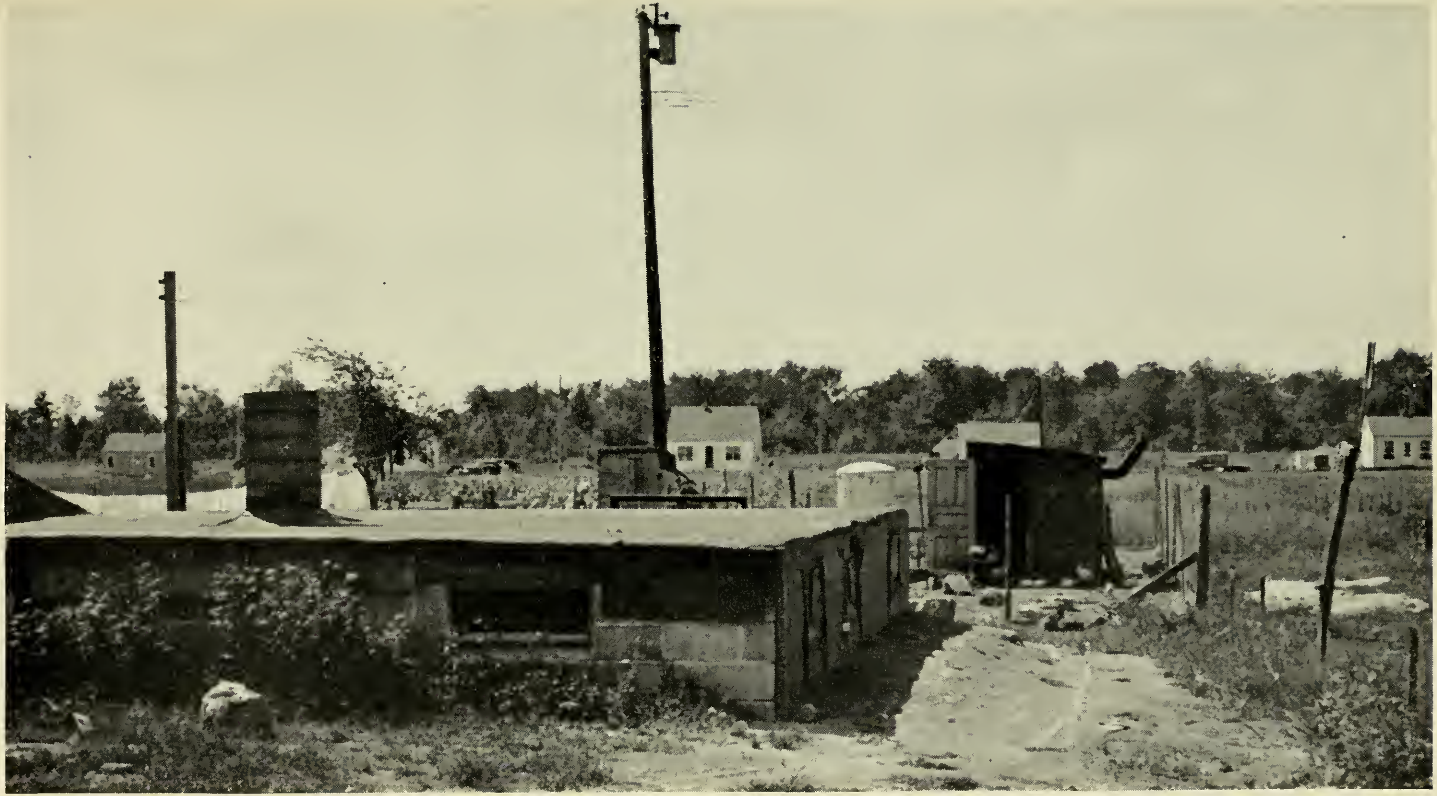
A real-estate office in Warren Township which sells the property before it is built to customers who move in when it is half built. The buyer finishes the job himself.

7374-K

7374-L

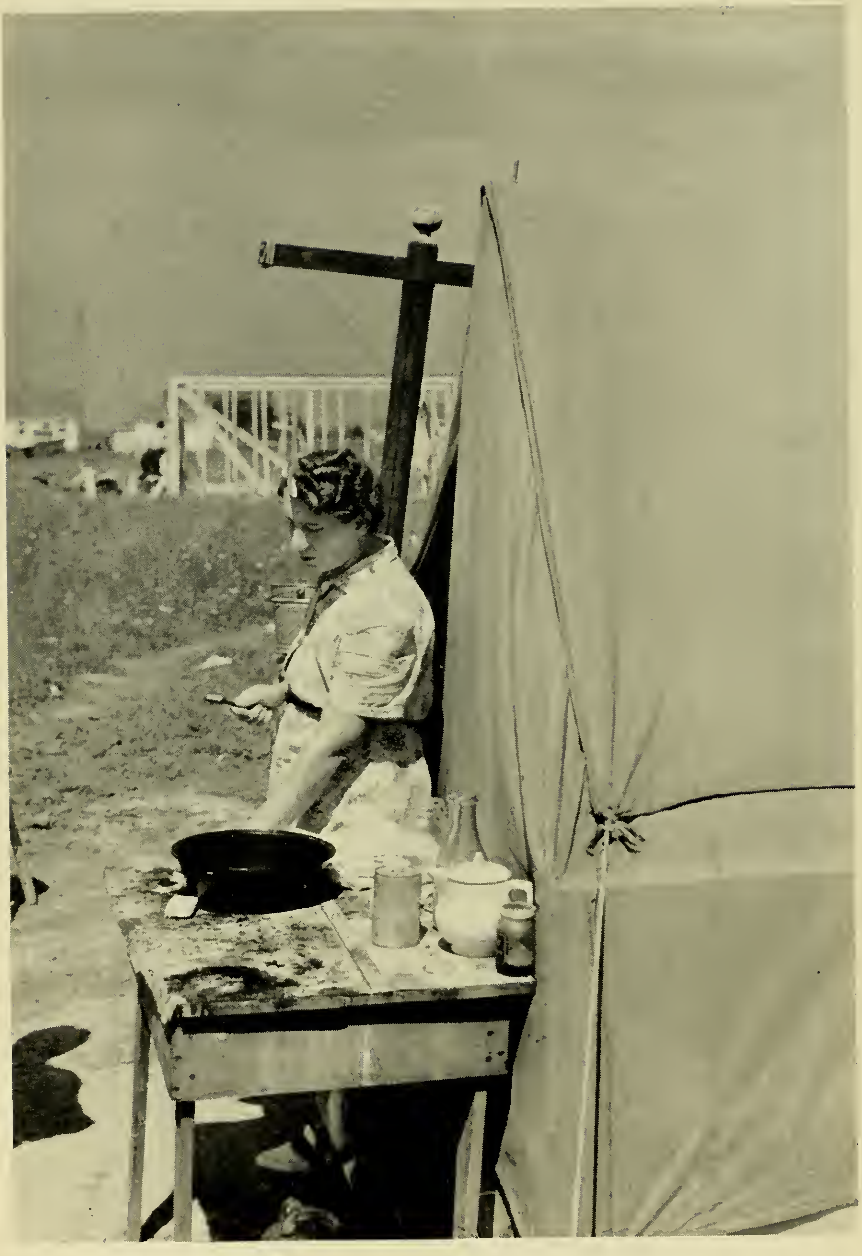


Here is what the customer gets when he buys the house "roughed in," as advertised in the picture on the preceding page. After hours in the defense plant, this worker expects to finish up his homework.

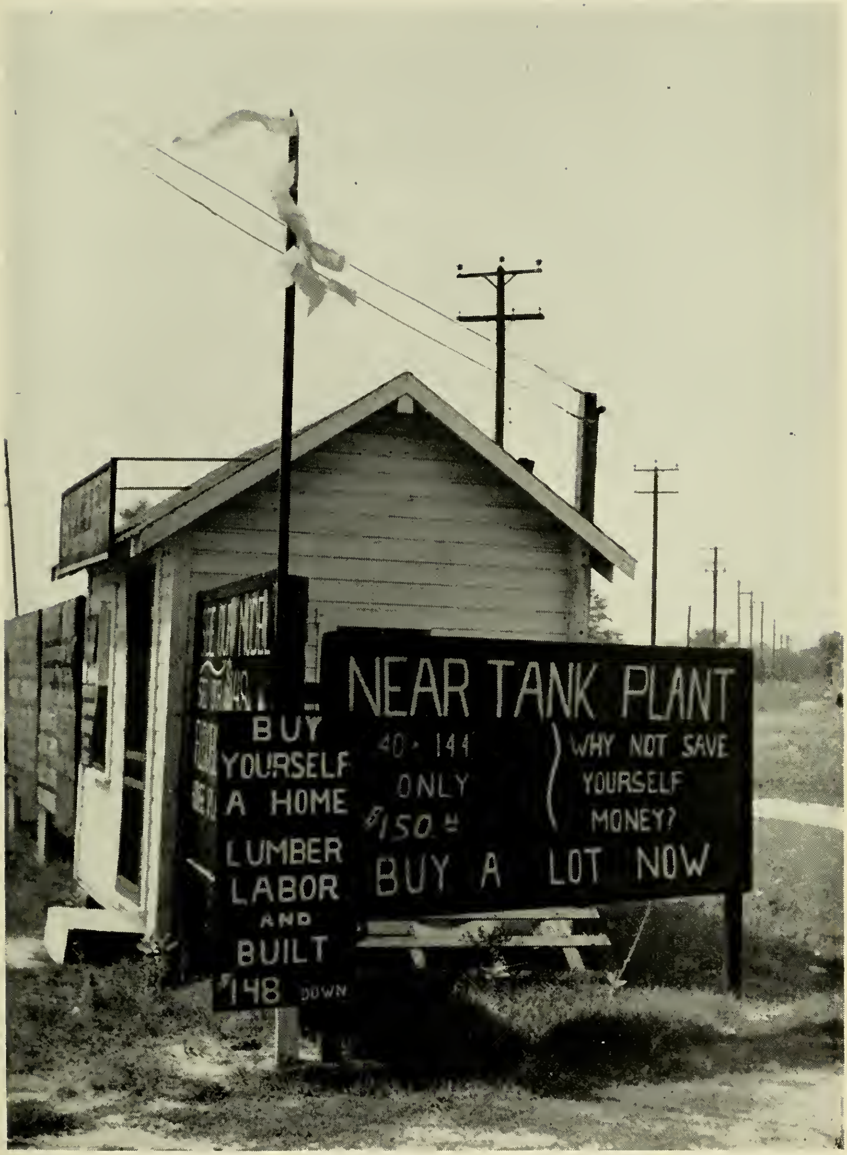


The rush for living quarters in the Detroit area is reflected in many makeshift arrangements. Above is shown the basement of a house in Warren Township, roofed over until the family can afford to complete the house.

7374–M



In the background is shown the start of a defense worker's home, in the outskirts of Detroit. Until he can finish the building in his spare time, his family must live in the tent.


NEAR TANK PLANT
40 × 144
ONLY
$150.⁰⁰
WHY NOT SAVE
YOURSELF
MONEY?
BUY A LOT NOW
BUY
YOURSELF
A HOME
LUMBER
LABOR
AND
BUILT
148 DOWN

The build-it-yourself system of real-estate operations is flourishing in the vicinity of the Chrysler tank plant in Warren Township.

Open water ditches menace the health of Warren Township. Sewage flows along roads which boys and girls must travel on their way to school (p. 7552).

A green-scum-covered ditch in the southern part of Royal Oak Township receives the overflow from septic tanks. Alongside runs Eleven Mile Road, a main highway, and paths for the school children. (See p. 7694.)

Mr. Osmers. Is there any hope for those people? I am thinking now of the fellow who is in the position that the automobile manufacturer was in—that is, he had his tools and his shop geared up for a certain operation, and he hasn't the financial strength to convert it into a defense industry.

Mr. Carlton. Of course, there are some people who just never will get any business because they haven't any equipment which is adaptable to the defense program. There are others who will get business as the defense program percolates, by subcontracting and by the present efforts of O. P. M. in establishing offices locally.

They have placed a lot of business recently with small manufacturers.

The Chairman. Mr. Carlton, the time factor has exerted an influence throughout these procedures, has it not?

Mr. Carlton. Personally I don't believe it could have been done any better than it has been done.

The Chairman. There was a time element there which represented the pressure.

Mr. Carlton. Yes.

Mr. Osmers. Do you feel, Mr. Carlton, that the prospective cut in automobile production is too large at 50 percent?

Mr. Carlton. I certainly don't want to stick my neck out and try to answer that question. I would like to amplify what Mr. Wilson said. I have stood in the offices of O. P. M. and heard representatives of the Army and Navy come in, demanding material under priorities, and I have heard them admit that they don't need the material until 1942.

SHORTAGE OF PLATES

The subject of plates is one of my pet peeves. There is a shortage of plates today, and there are places where there are plenty of plates stacked up that won't be used until the last of next year, and some not until 1942, and because of that the automotive industry is greatly hampered and cut at the present time.

That was a matter of timing and managing and planning, and I am told that no one executive had the authority to step into the Army or Navy and tell them how they must schedule their material, until the last Executive order creating S. P. A. B.,[1] and in that Executive order, Mr. Nelson is given the definite power to schedule not only civilian but also defense production.

When he starts doing that, I think there will be more steel available and more opportunities to build civilian articles than there are now.

Mr. Osmers. I gather, from your panel and from the union panel this morning, that the fault has not been at the point of manufacture. The fault has been in Washington. I have learned that you men in your capacities have stood ready to do your job, and labor apparently was ready to do its job; but orders were not forthcoming from Washington.

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[1] Supply, Priorities, and Allocations Board.

NO HOARDING OF AUTOMOTIVE INDUSTRY

Mr. CARLTON. That is right; and I am willing to go on record in saying that there has been no hoarding of any materials by the automotive industry as a whole. The hoarding has been done by the Army and Navy.

Mr. OSMERS. Now, as a general question for all of the panel: I believe that all, or at least several, of your companies have undertaken the construction of new plants for defense. When these are completed and in operation, what proportion of your defense capacity will be represented by these plants?

Mr. CARLTON (Motor Wheel Corporation). I can't answer that question because we built no new plants. We used our old plants.

Mr. CONDER (Chrysler). I can't answer that, but I can tell you how many of our people will be employed on defense, and I can tell you how many of those people will be employed on our present facilities that are used for automobile construction, and the number who will be employed in these new plants.

Mr. OSMERS. Would you give us those figures, Mr. Conder?

Mr. CONDER. I have the number of employees in defense jobs that we now have, and I have the number of employees by plants. Do you want it both ways?

Mr. OSMERS. The question that we are interested in at the moment is the one of plant capacity—that is, new plant capacity—as compared with the old plant, and the percentage of your defense work that will be done in the new plants and the percentage in the old existing plants.

Mr. CONDER. I haven't it worked out that way. As I say, I can give you the number of employees by plants. If I had some time I could work it out for you;

The CHAIRMAN. We will give you the time, because our record will not be closed for a couple of weeks. If you forward the information to Washington, we will insert it as part of this hearing.

Mr. CONDER. Then I will work it out for you.[1]

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[1] The following letter from Mr. Conder was received subsequent to the hearing:

CHRYSLER CORPORATION,
Detroit, Mich., October 21, 1941.

MR. HAROLD D. CULLEN,
Associate Editor, House Committee Investigating Defense Migration,
Washington, D. C.

DEAR MR. CULLEN: I have your letter of October 16, 1941.

While testifying before the House Committee Investigating National Defense Migration, I was asked in substance how much floor space in our established plants was being devoted to defense work as compared to the floor space used in new plants for defense work. I stated at the time that I did not think I could give this information, but suggested that I might be able to advise how many employees were working on defense work in the automobile plants and how many were working on defense work in new buildings. In checking into this matter I found that the situation changes so rapidly that any figures given would be interesting only as of the date covered and could not be taken as any indication of what the situation would be at any time in the future.

As the defense work develops and as new defense work is taken on, different or additional manufacturing equipment is required. We are trying to use whatever facilities are best adaptable to the completion in the proper way of our defense work. Under the circumstances, no detailed figures covering any particular date will be furnished for the record.

Yours very truly,

(Signed) ROBERT W. CONDER,
Director of Labor Relations.

Mr. Osmers. I realize that unless you came prepared to answer that question, it is going to be impossible to say offhand.

Do you have any figures on it, Mr. Roberge?

ANTICIPATES EMPLOYMENT ON DEFENSE WORK TO REACH 75 PERCENT OF PRODUCTION

Mr. Roberge (Ford). Not in just that way. I believe when we are at capacity on our present defense orders, 75 percent of our present manpower will be employed on defense work.

Mr. Osmers. But you don't know what the plant capacity figures would be?

Mr. Roberge. It would be difficult to say, because of the interrelations between our present facilities and the new plant. Certain items are made in the present plant and shipped to the new plant.

Mr. Osmers. Do any of the other members of the panel have figures on that? Mr. Wilson, do you have any?

Mr. Wilson (General Motors). I can make a statement on that. As far as I can remember, we have asked the Government to put up money for only one entire new plant, the Melrose Park plant near Chicago, and additions to two others.

In other cases we have reorganized our existing facilities to make space available or put back in production idle space, or built new plants ourselves and used them for the purpose.

Mr. Osmers. Plants that you owned, built, and paid for?

PROBLEMS CREATED BY GOVERNMENT OWNERSHIP OF PLANT

Mr. Wilson. That is right; and one of the difficulties lies in the fact that you have a pretty good sized plant and you figure that you can take a defense contract and produce some of the pieces in that plant, but in addition to that you need 200,000 square feet of floor space to do the entire job. Now, if you want the Government to put that up and put the money into it, you have to deed the land to them. The plant belongs to the Government and the Government turns it over to you to operate.

Well now, having a piece of Government-owned property in the middle of your property raises all kinds of difficult problems, such as powerhouse facilities and sewers; so where we could see any reasonable use of the property ourselves, we put the money in and went ahead with the job and forgot about it, knowing that we were going to have plenty of space when this thing was over.

Mr. Osmers. I am going to change the question around for just a moment. Maybe this would be a little more revealing, in view of facts which you have with you:

What are your expectancies after the emergency is over with respect to the new plants you build yourself and the new plants that the Government is financing and owning? Do you believe that nearly all of that additional space will be abandoned, or do you look forward to its use?

The Chairman. Or are you going to take to the air—commercial airplane production?

Mr. Wilson. Well, I happen to be an optimist, so I am not too much worried.

Mr. **Wilson** (to the chairman). If we build commercial airplanes, what are you going to use them for?

The **Chairman**. Freight.

OPTIMISTIC OVER FUTURE OF INDUSTRY

Mr. **Wilson**. I think that, after a period of readjustment after the emergency is over, we will find reasonable work to do in these plants.

Now, some of that is just a hope because I can't spell out exactly what we are going to make and when; but I do know there are millions and millions of people in the country who would like to have more than they have, and I don't know any good reason why industry doesn't go about trying to find some way of supplying those wants.

Mr. **Osmers**. Does the rest of the panel feel as optimistically about it as Mr. Wilson? [To Mr. Weiss.] Do you feel that these new facilities—admitting the need for goods, which I don't believe anyone questions—do you feel your new facilities, machinery and everything, would be useful and convertible to peacetime needs?

Mr. **Weiss** (Packard). We have one project in our own building. Of the other projects, we have one-third in our own building and two-thirds in a new plant.

Mr. **Osmers**. A Government-owned plant?

Mr. **Weiss**. That is right. That job is larger than our average production on automobiles for the last few years. As a result, it is pretty hard to stretch the imagination that far.

Mr. **Osmers**. Now, here is another possibility that is very real. It seems that as a result of the nature of this whole program, the big business of the country is getting bigger and the little businessman is only holding his own or is being eliminated.

DIFFICULTIES ENCOUNTERED BY BIG BUSINESS

Mr. **Wilson**. One of the biggest businesses in the United States is the General Motors Corporation, but we are getting littler and littler all the time. Actually the situation seems to work to the disadvantage of the corporation in two ways: First, we get a bigger reduction in our passenger-car business than our proper share of such a cut because we are big; and second, when we get a million-dollar defense contract it sounds like a lot, but in proportion to our capacity to produce, it is small. Actually here is one of the assets of the country in the national defense emergency that is not being used to the extent that it can be used, and that is partly because of prejudice against the big companies.

I put it right out there. There it is.

Why shouldn't General Motors Corporation, with its experience in management, engineering, production, handling of business, and starting new businesses, help with its full share of this national effort?

Mr. **Osmers**. You certainly should have, but from a long-range standpoint I think we should also consider the fate of the small manufacturer who is not in a position to tool up and get the business, who is primarily a subcontractor by nature. If he is not going to get this business now, then when the emergency is over, in maybe 1 year or 5 years, you men here will still be going concerns, tooled right up to the minute with an organization ready to produce, while this small man will be nonexistent.

Mr. WILSON. I think, to understand the thing, you have to consider the types of businesses that exist. Big businesses aren't necessarily big just because somebody tried to create a big business. The difference may lie in the type of business that one is in.

Mr. OSMERS. That is perfectly true.

DEFENSE PROGRAM IS BIG BUSINESS

Mr. WILSON. This defense program is big business. We might all just as well make up our minds to that. It is big business and it isn't going to be handled by thousands of small businesses alone. Small plants can't make tanks, airplanes, or other large, complex armaments. They can help through large-scale subcontracting.

Mr. OSMERS. I think that is all generally recognized.

NO PROBLEM FOR SUPPLIERS TO BIG BUSINESS

Mr. WILSON. There are two types of small businesses: First, those who make things of their own design and sell to the public—a kiddie-car manufacturer, for instance; and second, those who make parts and tools and supplies, and who are the natural suppliers of big business.

There is no problem for the latter, because they will have the same relation to the big businesses that they have had for years.

Mr. OSMERS. The suppliers?

Mr. WILSON. That is right. The only trouble is that their subcontracts come a little late. This whole program is measured in time. The Ford Motor Co. or the Chrysler Co. or General Motors don't give small business orders for tools and supplies and special materials before they get their own contracts, or before they get them broken down, or before they ascertain their needs.

If a period of 3 months or 6 months must elapse while you are building a new building and getting machinery, the small supplier hasn't any business in the meantime, so he goes down to Washington and complains about it, you see, because he is afraid he is going to be left out; and I don't blame him for complaining, because it is a difficult problem.

EFFECT OF PRIORITIES ON SMALL MANUFACTURER

The real problem is the small manufacturer who makes a specialized product of his own design, which he markets to the people. He may not be able to get material at this time.

Mr. OSMERS. That is it.

Mr. WILSON. If he would be satisfied with 30 percent, as the automotive industry apparently is going to have to be satisfied, maybe he would still be in business.

Mr. OSMERS. But many of those small manufacturers would not be able to operate at all with a 50-percent curtailment. They are not strong enough to do that for any period of time.

But be that as it may, do you think one of the reasons for our dilemma is that we are wobbling between a business-as-usual policy and an all-out defense policy, and that weights are being put on both sides of the teter?

Mr. WILSON. I personally think we are wobbling between trying to get the defense program done and trying to change the method of doing business in the United States.

Mr. OSMERS. I am not giving you a leading question, but do you mean by that that the defense program is being used to bring about some social changes and things that are entirely apart from the production of the defense program in its most efficient manner?

Mr. WILSON. I don't know that this is a correct appraisal of the thing, but one of my friends said to me the other day: "There seem to be two types of people in Washington—those who want to make big business smaller and those who want to make small business bigger. Why don't we get at the defense program?"

Mr. OSMERS. I think your friend left out a possible third category—the group that wants to make American democracy into a whatnot.

The CHAIRMAN. I doubt if we can complete a definitive discourse on democracy during the time at our disposal, gentlemen.

Mr. WILSON. I would like to mention this while we are talking about small business, and I am not quite like Mr. Carlton, because I don't know of many that have closed up. I know a lot of such men who are talking about closing up, but none who has stopped business.

I would like to point out that it takes a good many small businesses to employ 140,000 people, and that ought to be taken into consideration a little bit. What is going to be done about these 140,000 General Motors employees who will be thrown out of nondefense employment by next fall?

Mr. OSMERS. The real key to the situation, Mr. Wilson, from what I have been able to gather from the testimony, is this problem of materials. Everybody is ready to go ahead according to his own capacity and ability, but there seems to be no organization with regard to materials. There is no straight answer.

You have stove manufacturers here in the State of Michigan, and I don't suppose they know whether they are going to continue as manufacturers of stoves or whether they are going to stop making stoves for the duration of the emergency. They are not adaptable for purposes of national defense, as I understand it.

Mr. WILSON. I think you are right about that.

Mr. OSMERS. I will put it this way: If the country as a whole does not follow a system comparable to your automobile policy of ordering as you go along, and distributing materials as and when you need them; if everybody is going to hog and hoard, there is not going to be enough.

Mr. WILSON. I think there is perhaps an even more fundamental difficulty. We had at one time a competitive society.

Mr. OSMERS. I can almost remember it.

MATERIAL DISTRIBUTION CONTROLLING FACTOR

Mr. WILSON. If you wanted something and had the money to get it, you placed an order for it; and if you wanted it more than somebody else, you perhaps paid a little higher price for it. Now the price is no longer the determining factor, the factor that controls the distribution of material. It is on another basis. We haven't learned how to do business on that other basis.

Mr. OSMERS. I think that is true.

Mr. WILSON. I have often wondered how they distribute their automobiles in Russia.

I can understand how everybody would have a food card, you know, and get his part of the food. But how they distribute and divide up the small automobile production they have over there? I never could understand how that is done, when they don't have any money or assets involved.

Mr. Osmers. Maybe it is illegal for one man to offer $25 more than the next man.

Mr. Wilson. How do they get the cars? It must be on some other basis—prestige, or politics.

Mr. Osmers. I think that last statement probably explains it.

Mr. Wilson. I might say this on the flow of materials. The materials actually used in ordnance and aviation and so forth, while they seem to be similar and are similar to the ones used in automobile production, are not of the same identical classifications. The alloy steels are somewhat different. The shapes of steel are different. The aluminum is of a different hardness, or has a little different alloy.

Now, it is one thing to maintain a flow of production where inventories are already established and the working process exists; but you have to fill up the channel before you get the flow that is necessary, even if it is a well-controlled process, so if you put a lot of new products into production in industry, you temporarily have to fill up the channel, even though you do it quite intelligently.

In addition to that basic necessity for increased inventories, some of the scheduling has not been done very intelligently. As a result—well, you men know that the tonnage of finished products isn't where the material is going, because it hasn't come out yet. The difference is partly in a legitimate increase of inventory on new specifications of materials, and it is partly due to maladjustment—the wrong materials in the wrong place. Somebody is hoarding or somebody is trying to protect his contractual relations on deliveries or on price.

You can't criticize the contractor who has made a contract to deliver a certain product in the next year, and who steps out and buys the material and gets it now so he can make sure he can deliver on his contract. That is a human and natural thing to do, and that accounts, in my mind, for the situation we are in.

The Chairman. At this time I should like to give the reporter a few minutes recess.

(Short recess.)

The Chairman. The committee will please come to order. I desire to say to the panel that it has been tremendously interesting to hear this testimony.

We are scheduled to make a tour of the tank plant this afternoon. We are supposed to leave at this time, but some of the members desire to ask more questions, so I will turn you over now to Congressman Curtis.

EFFECT OF DEFENSE WORK ON AUTOMOBILE RETAILERS

Mr. Curtis. I want to ask a question in reference to the automobile distributors, the retailers, and individual car salesmen in our cities and towns of all sizes and out at the cross roads where the one garage may be the main business of the community.

In almost every instance the manufacture of articles that these men sell, including cars, refrigerators, radios, washing machines, and so forth, has been curtailed.

What will be the effect on these dealers of your present and anticipated defense work, and what do you have to suggest to remedy the situation, Mr. Roberge?

Mr. ROBERGE (Ford). I don't know that our defense work will have any beneficial effect on the dealers and salesmen throughout the country.

Mr. CURTIS. Quite the contrary.

Mr. ROBERGE. They will receive their proportion of what we are able to make, and, of course, some of them will have rather difficult times ahead.

Mr. CURTIS. There is no chance for that individual, unless he moves somewhere else.

Mr. ROBERGE. Unless he gets a job in a defense industry, or something like that, I don't know what a salesman can do, for example.

Mr. CURTIS. Are there any changes in your present schedule of commissions?

Mr. ROBERGE. No change in our percentages of discounts to dealers.

Mr. CURTIS. Mr. Wilson, will you discuss my question?

Mr. WILSON (General Motors). There isn't anything we can do about the matter because the dealer is an independent businessman. We are encouraging dealers to do everything they can to further the service on old cars and try to make up in part with added income on service, because if no new cars are produced, presumably there should be more service on the old ones.

Mr. CURTIS. Are you going to be able to give them all the repair parts they need?

Mr. WILSON. I would think so.

Mr. CURTIS. Is that true in your case, Mr. Roberge?

Mr. ROBERGE. I think so, yes.

Mr. WILSON. There has been some increase in price in cars, so that the commission or discount the dealer gets is increased by that amount. If a car has been raised in price 10 percent, the dealer will have 10 percent more.

Mr. CURTIS. But that increase in possible commissions is not going to be enough to take care of him for his loss in cars, is it?

SALESMEN WILL SUFFER MORE THAN DEALERS

Mr. WILSON. The dealer's employees will be hurt, in my opinion, more than the dealers themselves. The automobile salesmen regularly working on commissions will be hurt more than the dealers. If they have only half the number of cars to sell and the same number of salesmen are still working at the job, they will only make half as much money. If half of them go into some other occupation, then the ones remaining will do as well as they have in past years.

In other words, if the dealers shrink their organization, they will also shrink part of their expense. They may have more service business. But they wouldn't like the situation. It would mean hardship for them. But we are going to have to find out in this country that this program is hardship. We can't all have more than we have had on the average in the past years, and still produce all this defense material. We will find that out by hard going.

Mr. CURTIS. How are you going to distribute your cars among the dealers? On the basis of their past sales?

BASES OF AUTOMOBILE DISTRIBUTION

Mr. Wilson. General Motors Corporation has been worried about that, and we decided that we would distribute 85 percent on the basis of last year's sales, and 15 percent we would use to adjust distribution in those communities or cities where there has been an appreciable change during the year.

Some of these centers where they are building airplanes have employed thousands and thousands of additional people, and the towns, in 1 year, have doubled in size. The dealers there are going to have some more cars to satisfy the demand.

Mr. Curtis. The territory I represent is having this year the first good crop in 9 years.

Mr. Wilson. We thought it would be fair to tell the dealers, so they would know where they are, that the least any of them would get would be 85 percent of his proportion as judged by his last year's sales. The other 15 percent we would distribute as intelligently as we could. If there is one territory that has had a drought, and the people there don't want to buy very many cars, or can't afford to buy them, that dealer will get 85 percent of his proportion of last year's business.

In your territory, if the people have been waiting for years to have enough money to buy themselves new cars, perhaps the dealer will get 100 percent or 105 percent of his pro rata.

Mr. Curtis. Mr. Roberge, what do you have to say as to the distribution of your cars to your dealers?

Mr. Roberge (Ford). That has been the subject of a great deal of discussion and study, and I don't believe it is entirely completed as yet, but we also had in mind holding a reserve which could be used in certain instances—for example, where there was a defense plant in construction and the people hauling material into that area needed more transportation than normally. We have held this reserve, or will hold the reserve, for use in those particular areas where the greater demand occurs.

Mr. Curtis. Mr. Weiss, what is your answer to my first question, in regard to the dealer's problem?

Mr. Weiss (Packard). The problem of our individual dealer is greater than that of the dealer in cars represented by the other gentlemen here, because of the lower unit volume of our cars. There will necessarily be some curtailment. People will be forced to give up dealerships because they just can't sustain them on 50 percent of what they have been getting.

Mr. Curtis. I have read in the press that the so-called big three had a heavier cut in their allowable production than the rest of the manufacturers. Is that true? Is that going to put Packard dealers in a better position than the competitors across the street selling General Motors products?

Mr. Weiss. No; because of the normal difference in the volume of sales.

Mr. Curtis. What is your answer to that, Mr. Wilson?

Mr. Wilson. I don't like to have a little disagreement in the family here, but the way I look at it, the automobile dealer is an independent businessman, and is operating on a competitive basis in the community.

Mr. Curtis. Would you call him an economic royalist?

Mr. Wilson. I don't know what that is, myself. I think you can figure it out for yourself. Here are two dealers trying to serve the community. If one of them has 45 percent as many cars as he had last year and the other has 85 percent as many, which one is going to get along the better—assuming that there is a demand for all the cars that anybody can deliver? As a matter of fact, there isn't a great deal of difference in dealers, whether they work for the General Motors Corporation or for a smaller company. We simply have more dealers, among whom we distribute more cars. We have small dealers and very large dealers. The large ones have large places of business. They have many employees and responsibilities. We have made a study of large and small dealers for many years, and we think the question of how many cars should be supplied them must be determined by sales of the preceding year, independently of which kinds of car they distribute.

Mr. Curtis. Is it your opinion there will be a discrimination between the two types of dealers?

Mr. Wilson. I don't think there is any question about it. And you must remember that our car lines are distributed as though our different makes of cars were handled by separate corporations. A Cadillac distributor distributes Cadillacs. He does not have Chevrolets along with it, and so on. His income is going to be dependent on the number of Cadillacs he handles.

NO SHORTAGE IN AUTOMOBILE PARTS

Mr. Curtis. Mr. Weiss, are Packard dealers going to be able to get all the parts they need for repair business?

Mr. Weiss. We assume so; yes.

Mr. Curtis. Did I ask you that, Mr. Roberge?

Mr. Roberge (Ford). Yes.

Mr. Curtis. And your answer was "Yes"?

Mr. Roberge. Yes.

Mr. Curtis. The good mechanics are pretty well drained out of the country, aren't they?

Mr. Weiss. And the salesmen, as Mr. Wilson says, will probably be hit harder than the dealer himself, who might be able to carry on his business on an additional amount of service because of the cars being older. Just how far that would go I do not know. I haven't made a study of it.

Mr. Curtis. According to present arrangements, what percentage of last year's production will your dealers have?

Mr. Weiss. Their business will reflect the curtailment of automobiles.

CURTAILMENT PERCENTAGES

Mr. Curtis. And what is your curtailment?

Mr. Weiss. In the first 4 months our curtailment was 38 percent. After that it was less because we started earlier than some of the other people in the business. That is all a matter of record in the O. P. M. adjustment.

Mr. Curtis. Are you going to be able to supply the repair parts?

Mr. Weiss. I believe we will, sir.

Mr. Curtis. Mr. Conder, what will be the effect of your present and anticipated defense work on dealers and salesmen? And what do you suggest to remedy the situation?

Mr. Conder (Chrysler). We think it is going to have a very serious effect on those dealers. Some dealers undoubtedly will have to go out of business because they will not have enough cars to sell.

We think many salesmen working for the dealers will be laid off. They aren't going to have the cars to sell. They are going to have to cut down on expenses.

We are trying to assist them in building up a service business. We hope to be able to supply them with all of the parts they need.

We are also trying to give them such assistance as we can in going into a used-car business, trading used cars. But we can see that the dealers are going to be injured very badly as a result of this curtailment.

SHOULD CONCENTRATE ON DEALING IN USED CARS AND SERVICES

I don't know of any solution for it. We can't give them cars.

Mr. Curtis. Here is a question which I would like to have all of you answer if you can:

How does the number of people engaged in the distribution of your products—distributors, dealers, and salesmen, and all of their necessary force of bookkeepers and clerical workers—compare with the number of people engaged in the production of automobiles?

Mr. Conder. You mean the men in our own employ? Or are you taking into account the employees of the dealers as well?

Mr. Curtis. Employees of the dealers. In other words, the whole automobile industry. How many are engaged in distribution and how many in production?

Mr. Conder. I have some figures on that, but I haven't them in mind.

Mr. Curtis. Mr. Roberge, do you have anything on that?

Mr. Roberge. Nothing definite. I think the O. P. M. brought out the figure of 400,000 people outside of the actual manufacturers. I am not sure of that figure. I know there are roughly 44,000 automobile dealers in the country, but how many employees they have I don't know.

Mr. Curtis. Do you have anything on that, Mr. Wilson?

Mr. Wilson. I happen to have the figures here that one of my associates just handed me.

PRODUCTION AND DISTRIBUTION EMPLOYMENT FIGURES

General Motors dealers and their employees number about 200,000. Of these 200,000 about 40,000 are salesmen, and at least 60,000 more are directly dependent on the conditioning and servicing of new cars incidental to new-car sales. In other words, about half of the dealer set-up is dependent on new-car business. The other half is dependent on the service business and the routine operations, so that a 50-percent cut in our business will result, I would expect, in about 50,000 people losing their jobs.

Mr. Curtis. How does your total of 200,000 compare to the total number of people engaged in the production of General Motors cars?

Mr. Wilson. Out of 300,000 people, 200,000 work on passenger cars and the other 100,000 on trucks, Frigidaires, Diesel locomotives, and defense. At the present time around forty or fifty thousand are on defense, and the rest are on truck production, Frigidaires, Diesel locomotives, and the other products of the corporation.

I think you should consider also that there are other people dependent on the automobile business besides the employees of the automobile companies themselves—perhaps at least as many more.

Mr. Curtis. That is a principle we have to accept in any productive industry, that it has overlapping influences.

Mr. Wilson. I don't quite mean that. I mean the suppliers of perishable tools and nonproductive supplies and of parts and materials for production.

There are at least as many more people engaged in the automobile business indirectly. I don't mean the people supplying gasoline and oil and personal services; I mean employees who will lose their jobs when the automobile business stops.

(To Mr. Carlton). Do you think I am right, Clarence?

. Mr. Carlton. Mr. Curtis, in my brief you will find that in the automotive-parts industry there are about 200,000 people employed as suppliers to the manufacturers of automobiles.

Mr. Curtis. Mr. Weiss, do you have any figures on the number of your dealers and distributors and salesmen as compared to your producing force?

Mr. Weiss. No; not here.

Mr. Curtis. How about you, Mr. Waldron?

Mr. Waldron. I don't, either, but I imagine it would be fairly close to the percentage Mr. Wilson points out.

Mr. Curtis. You think that is generally true, Mr. Weiss?

Mr. Weiss. I doubt very much if Packard's sales outlets are quite as numerous in proportion as they are to General Motors.

Mr. Wilson. My review of the figures seems to check the estimate I gave you for General Motors. That is, 400,000 for the industry checks with the 200,000 figure that I gave you. General Motors Corporation did about half of the total passenger-car business.

The Chairman. We are behind our schedule but I want to ask one question. I do it reluctantly, because I now have two Republicans and one Democrat here on the committee and I have to be very careful how I proceed. But this is an intelligent panel, and it may never be assembled in just this manner again.

We were appointed first to investigate the migration of destitute citizens between States. We made our report to Congress, with certain recommendations, and then we were continued to investigate migration taking place in this defense program.

The migration of destitute citizens in past years had many causes—worn-out soil, ill health, unemployment.

Now, what are we to do about this defense migration and the situation it is creating throughout the country, after the defense program is completed? Your testimony today indicates there is going to be unemployment, even before that time. And it may be far more acute when there is no longer a need to keep all these industries at work on wartime needs.

CUSHION FOR UNEMPLOYMENT

In England, during the first year of the war, employment dropped 25 percent. There is going to be unemployment in this country, whether it is because of priorities or price control, or whatever the factors may be labeled back in Washington.

Now, what is the cushion for that? Have you gentlemen given any attention to that question? Is it an increase in the unemployment compensation? Is it forced savings, voluntary savings, the dismissal charge, or what? Speaking now as one member of the committee, I think, unless we plan against the day, that post-war unemployment may be just as dangerous as any attack from without. I am just speaking for myself now. But I think it will be a whirlpool. Have any of you gentlemen of this panel given any thought to what we can do—what Congress can do now to plan for that?

Various schemes have been suggested; for example, public works. England is taxing its citizens to the limit and is saying that each one will get 10 percent back at the end of the war. But England may be broke, and we may not have funds available for public works at the end of this emergency. What can we do about it now?

The representatives on this panel employ hundreds of thousands of individuals. What can you gentlemen do? Does anybody have an answer to that question?

ENCOURAGE BUSINESS TO CUSHION UNEMPLOYMENT

Mr. Hill. I can make one suggestion: Encourage research; encourage the development of business; put penalties on businesses that don't advance; develop new products; eliminate the tendency to discourage rather than encourage business to advance, so that during the war period, or at least toward the end of it, our research departments can continue their investigations and research for the development of new products.

As Mr. Wilson mentioned, the demand is going to be there after the war, and we want to be in a position to supply those needs.

Encourage public investment in businesses that are going to produce. We make the mistake of looking at business as institutions that produce products. It isn't products we produce, it is employment; and from employment we produce products. If we are discouraged in the production of products, we are discouraged in the production of employment.

Congress and all Washington could look forward to the encouragement of what the businessman feels is the thing that produces employment, and that is profitable business, a business that can proceed without too much regulation so long as it lives within decent bounds.

The Chairman. Any other suggestions?

PAY AS YOU GO GOOD NATIONAL POLICY

Mr. Wilson. I have thought a great deal on that point. I have some opinions of my own. I may be getting a little away from my experience, perhaps, but I will be glad to tell you what I think about it. The country has to pay for the thing in effort, actually and currently. Just for a moment, let us put money outside our discussion. What we actually produce for defense has got to come out of what we otherwise might have for ourselves. You can't borrow it from the past, because we didn't produce it in the past. The guns that you would make next year can't be used this year, so that actually the material and the labor and effort have got to be applied currently.

Now, how you pay for all that, and finance it, is going to determine how bad the aftermath is going to be.

The CHAIRMAN. Nobody knows that.

Mr. WILSON. There is no reason why it should be very bad. Since you have produced the goods currently, the country should be able to go into an era of increased prosperity after this thing is over, because you stop the waste of labor and material, which is the same thing. You can't get material without human labor.

Now, because of that, we should have a higher standard of living if we handle it intelligently after the war. The big thing is to avoid an inflation and a dislocation of business that will make it difficult to reorganize and get going again. Or are the ground rules going to be so different that no one will know how to go about business?

Personally, I think this is the time for everybody to pay his debts. Individuals should not be going in debt at the same time the Government is going in debt at such a tremendous rate, because we can't all be in debt. We would be just stagnated then. So it would be a fine thing for the country if we would wind up this defense program with the citizens of the country having some savings, so that they then could start to spend for the things that they would like to have, thus raising their standard of living.

The CHAIRMAN. Now you are talking my language. We addressed that question to migrant defense workers in many parts of the country: Are they saving? Mr. Wilson, you have close to 3,000,000 people who have left their home States to go to these defense centers. If they had five hundred or six or seven or eight hundred dollars in their pockets at the end of this war period, I think they would have gone a long way toward accomplishing what you have in mind.

The Government may have to retrench at that time. That money would be the real cushion, don't you think, after all is said and done?

Mr. WILSON. Certainly; that would be the best thing to stimulate business.

The CHAIRMAN. But the sad thing is those workers won't have it.

Mr. WILSON. That depends on how socialistic and nationalistic the country is by that time. It will depend on whether we have softened everybody down to where he is not used to looking after himself, or hasn't the courage or moral stamina to deny himself something, and whether he is going to compete in the market and get very little for the money he spends and contribute to the chaos of the present situation.

The CHAIRMAN. If you gentlemen have any further suggestions or information that would be of interest to the committee, please feel free to send it to us. Our record will be held open for about 2 weeks.

This is a mighty big problem, and I am very sorry we have to curtail this discussion. On behalf of the committee I want to thank each of you gentlemen for your fine presentation. It is a valuable contribution.

The committee will stand adjourned until 9:30 tomorrow morning.

(Whereupon, at 4:40 p. m., the committee adjourned until 9:30 a. m., Thursday, September, 25, 1941.)

NATIONAL DEFENSE MIGRATION

THURSDAY, SEPTEMBER, 25, 1941

House of Representatives,
Select Committee Investigating
National Defense Migration,
Washington, D. C.

MORNING SESSION

The committee met at 9:30 a. m., Hon. John H. Tolan (chairman), presiding.

Present were Representatives John H. Tolan (chairman), of California; Frank C. Osmers, Jr., of New Jersey; Carl T. Curtis, of Nebraska; and John J. Sparkman, of Alabama.

Also present: Dr. Robert K. Lamb, staff director; John W. Abbott, chief field investigator; Francis X. Riley and Jack B. Burke, field investigators; and Ruth B. Abrams, field secretary.

The Chairman. The committee will come to order. Mr. Larned will be the first witness.

TESTIMONY OF ABNER E. LARNED, STATE ADMINISTRATOR, WORK PROJECTS ADMINISTRATION, FEDERAL WORKS AGENCY, LANSING, MICH.

The Chairman. Mr. Larned, Congressman Sparkman, of Alabama, will question you.

Mr. Sparkman. Mr. Larned, will you state your name, address, and the official capacity in which you appear before the committee?

Mr. Larned. My name is Abner E. Larned. I am the State administrator of W. P. A. My home address is 8120 East Jefferson Avenue, Detroit. My Detroit office is 15020 Woodward Avenue, and my Lansing office is 1331 South Washington Street.

Mr. Sparkman. I have rather hurriedly scanned the statement that you have prepared, which will, of course, be included in full in our printed record.

(The statement referred to above is as follows:)

STATEMENT BY ABNER E. LARNED, MICHIGAN STATE ADMINISTRATOR, WORK PROJECTS ADMINISTRATION, FEDERAL WORKS AGENCY

During the past 6 years that the Work Projects Administration has operated in Michigan it has spent a total, cumulative to August 1941, of $494,812,923. A large part of this money has been allocated from Federal funds; the balance by local communities which have initiated and sponsored various Work Projects Administration projects. Through the expenditure of this money thousands of needy unemployed men were given work at times when no other work was available. This otherwise wasted labor resource was transformed into community improvements—roads, streets, schools, airports, athletic fields, community services—that otherwise would not have been made. From already hard-pressed local counties and cities was lifted the burden of caring for thousands of destitute workers. Into the shops of local merchants there was diverted the millions of dollars paid in wages. The purchases of materials and supplies were a welcome aid to manufacturers and distributors.

With the present industrial and general economic improvement, the present and future role of a works program naturally comes up for discussion. It is important to determine to what extent the Work Projects Administration program is involved in the problems resulting from our effort to gear our economy to the production of the essentials of war, the problems of industrial lay-offs due to priorities and material shortages, expansion in plants manufacturing defense material, and the migration of workers from one area to another. By an analysis of the past employment experience of the Work Projects Administration program and of current data secured by local Work Projects Administration offices working throughout the State, the possible present and future functions of the works program will be examined.

WORK PROJECTS ADMINISTRATION EMPLOYMENT IN RELATION TO LOCAL NEEDS

The Work Projects Administration program is closely geared to the varying needs of the counties and cities in Michigan. Subject to a necessary State and Federal supervision, local communities initiate and sponsor useful projects; local relief authorities refer all needy unemployed workers for Work Projects Administration employment. Consequently to the extent to which community needs are recognized by local authorities, they secure full recognition from the Work Projects Administration.

Table I indicates the number of applications for work received through the relief agencies throughout the State and also the number of certifications and recertifications for Work Projects Administration employment. To permit comparison, separate data are included for the Upper Peninsula and Wayne County. Since January 1940 the rate of applications has with minor variations declined. The decrease in applications from Wayne County has been more rapid than from the economically depressed Upper Peninsula. The number of certifications and recertifications followed the number of applications quite closely for each month, indicating prompt action by Work Projects Administration in approving certifications made by the relief offices for eligible workers.

TABLE I.—*Comparison of applications to certifications and recertifications by State total, the Upper Peninsula and Wayne County, Michigan Work Projects Administration, January 1940 to July 1941*

	Applications			Certifications and recertifications		
	State total	Upper Peninsula	Wayne County	State total	Upper Peninsula	Wayne County
1940						
January	9,949	1,589	4,045	11,028	1,576	5,002
February	8,781	1,075	3,525	9,249	1,063	3,384
March	8,650	957	4,469	8,070	947	4,068
April	5,153	684	2,525	6,401	680	3,667
May	3,536	421	2,000	3,710	417	2,078
June	2,724	277	1,399	2,515	271	1,229
July	2,142	431	984	2,053	422	923
August	3,664	399	2,167	3,371	395	1,981
September	3,563	611	1,224	3,354	608	1,159
October	3,144	618	1,340	3,159	612	1,383
November	2,666	339	1,217	2,483	334	1,054
December	2,710	390	1,058	2,483	386	853
1941						
January	3,511	554	1,161	3,118	548	806
February	2,870	428	1,212	2,453	428	826
March	2,030	361	904	1,654	333	575
April	2,579	800	830	2,211	801	493
May	3,072	1,831	308	3,334	1,836	590
June	2,508	978	768	2,483	977	764
July	1,232	195	553	1,146	193	506

STATE WORK PROJECTS ADMINISTRATION EMPLOYMENT, AVERAGE HOURS AND EARNINGS

The average monthly employment on Work Projects Administration projects in Michigan and average hours and earnings of project employees from 1935 to date is shown by table II. Employment levels have roughly followed general employment and business conditions in an inverse ratio. From a high employment level during the first quarter in 1936 Work Projects Administration employment, reflecting a general business upturn, decreased to a low of 43,215 persons in September 1937. During the following year an all-time high was reached in August. From this high point the Work Projects Administration employment lead decreased with seasonal fluctuations to the present low level of August 1941, of 33,476 workers. Average hours and earnings show only minor variations during the entire period.

TABLE II.—*State total average monthly employment, hours per man per month, and earnings per man per month, Michigan Work Projects Administration, October 1935 to July 1941*

Year	1941			1940			1939			1938			1937			1936			1935		
Month	Employed	Hours	Earnings	Employed	Hours	Earnings	Employed	Hours	Earnings	Employed	Hours	Earnings	Employed	Hours	Earnings	Employed	Hours	Earnings	Employed	Hours	Earnings
January	68, 265	113	$53. 98	92, 427	120	$55. 59	138, 650	103	$57. 47	57, 708	98	$51. 55	65. 745	106	$52. 83	94, 883	129	$52. 00	--------	------	--------
February	67, 973	115	55. 16	90, 290	116	53. 77	138, 521	102	56. 81	76, 132	101	52. 84	66, 000	106	52. 90	95, 868	120	51. 67	--------	------	--------
March	63, 837	115	55. 41	94, 143	113	51. 26	139, 823	103	56. 49	113, 120	100	52. 78	65, 104	107	53. 13	97, 153	119	52. 94	--------	------	--------
April	57, 036	117	57. 10	92, 744	115	52. 89	129, 390	103	57. 02	136, 411	107	55. 98	61, 146	112	55. 75	89, 849	122	54. 38	--------	------	--------
May	52, 346	115	57. 00	88, 358	115	54. 03	121, 526	112	62. 44	165, 649	103	54. 66	56, 902	109	57. 70	79, 847	122	55. 32	--------	------	--------
June	48, 838	115	57. 49	67, 743	118	56. 05	122, 466	100	58. 39	182, 465	106	56. 50	53, 938	107	57. 29	75, 507	120	55. 22	--------	------	--------
July	33, 845	126	63. 94	71, 211	116	56. 23	117, 401	111	57. 62	191, 894	105	57. 25	48, 267	109	58. 34	74, 395	113	55. 25	--------	------	--------
August	--------	------	--------	73, 689	113	54. 07	97, 012	127	61. 49	199, 505	103	57. 42	44, 673	100	54. 37	75, 227	111	55. 98	--------	------	--------
September	--------	------	--------	68, 351	114	54. 65	78, 186	118	56. 98	192, 610	102	58. 04	43, 215	108	58. 77	77, 228	110	55. 17	--------	------	--------
October	--------	------	--------	76, 730	113	53. 93	76, 759	125	59. 89	170, 481	103	58. 36	42, 366	106	57. 80	73, 740	114	57. 31	22, 061	117	$47. 48
November	--------	------	--------	73, 398	106	50. 80	97, 036	110	50. 91	157, 661	101	57. 11	42, 755	107	58. 42	71, 818	112	56. 62	41, 570	128	48. 99
December	--------	------	--------	73, 320	112	53. 56	87, 251	118	54. 62	147, 343	104	58. 14	45, 807	(1)	(1)	67, 332	111	55. 92	81, 582	125	49. 56

[1] No figures available for December 1937 hours and earnings.

DIVERSIFICATION OF WORK PROJECTS ADMINISTRATION EMPLOYMENT

Recognizing that all workers are not suited for the same kind of jobs, even a temporary job on work relief projects, the Work Projects Administration program has attempted within the limits of available projects to fit jobs to the needs of the workers. The experience and training of applicants are reviewed and assignment made to work for which they are best suited. The division of projects into construction, and white collar class only partially indicate their diversification. Table III indicates the distribution of Work Projects Administration employment into these classes.

TABLE III.—*Project employment as of the last Wednesday in each month by total employment, and employment on nondefense and certified defense projects by construction, white collar, vocational training, and other projects,*[1] *Michigan Work Projects Administration October 1939 to July 1941*

Month	Nondefense projects				Certified defense projects			
	Total W. P. A. employment	Construction	White collar	Other	Total	Construction	White collar	Vocational training
1939								
October	83,664	66,455	16,816	393	--------	--------	--------	--------
November	87,101	67,510	19,199	392	--------	--------	--------	--------
December	86.404	66,873	19,121	410	--------	--------	--------	--------
1940								
January	84,867	65,314	19,100	453	--------	--------	--------	--------
February	87,317	67,943	18,917	457	--------	--------	--------	--------
March	88.566	69,146	18,927	493	--------	--------	--------	--------
April	81,638	63,416	17,673	549	--------	--------	--------	--------
May	76.303	57,951	17,787	565	--------	--------	--------	--------
June	61,053	46,462	14,037	554	--------	--------	--------	--------
July	63,819	47,122	15,120	488	1,089	447	24	618
August	66,968	47,706	16,234	489	2,539	253	25	2,261
September	64,482	45,698	15,869	472	2,443	361	22	2,060
October	68,017	48,197	16,589	495	2,736	406	33	2,297
November	66,090	45,059	16,963	491	3,577	887	34	2,656
December	67,075	44,870	17,899	484	3,822	1,077	73	2,672
1941								
January	68,242	45,654	18,191	471	3,926	1,269	69	2,588
February	65,888	43,115	17,929	468	4,376	1,706	104	2,566
March	61,716	39,035	16,983	465	5,233	2,659	101	2,473
April	54.153	32,892	15,136	456	5,669	3,404	99	2,166
May	50,894	30,194	14,650	379	5,671	3,417	157	2,097
June	46,623	26,620	13,990	385	5,628	3,307	264	2,057
July	32,006	18,469	8,133	413	4,991	2,472	268	2,251

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[1] Does not include employment on projects operated by Federal agencies with transferred Work Projects Administration funds or on the Federal Nation-wide project, minor program classification 508.

Beginning in July 1940 a further break-down is made into defense and nondefense projects. In addition to the workers employed on defense projects certified by Government agencies as being essential to the defense program, there are a number of noncertified projects which are definitely related to defense activity. The employment on these noncertified defense projects is included with nondefense employment since consistent data are not at present available. The relative weight of this factor can be indicated by employment on August 27, 1941. Out of a total of 33,687 Work Projects Administration workers on that date, 12,061 were employed on noncertified defense projects and 4,675 were employed on certified defense projects.

RELATION OF WORK PROJECTS ADMINISTRATION TO TOTAL UNEMPLOYMENT

While the Work Projects Administration program has helped to ease the shock of unemployment, it has only partially met the problem. Aside from the number of unemployed workers with no resources or income who seek Work Projects Administration employment, there is a large group of unemployed workers seeking work who form a potential Work Projects Administration employment problem. According to a recent United States census release the total Michigan labor force on March 24–30, 1940, was 2,128,291 persons. Of this number 94,672 or 4.4

percent were employed by Work Projects Administration, Civilian Conservation Corps, and National Youth Administration Out of School Work Programs and 200,696 or 9.4 percent were reported as seeking work. The 9.4 percent of the workers seeking work becomes a Work Projects Administration problem if they continue to be unemployed.

Included in this last group are those workers who have been certified to be in need of Work Projects Administration employment but have not been assigned to projects because of employment quotas resulting from limited appropriations. As a result many of these needy unemployed workers are forced to apply for direct relief which is often not available or to struggle along by other means. Table IV indicates the extent of this problem. The ratio of Work Projects Administration employment to the total number of certified persons is indicated by month from April 1938 to date. As indicated by this table the number of unassigned certified workers in Michigan has been as high as 38,128 persons. Of particular interest at this time is the effect of the curtailment in Work Projects Administration employment beginning with the new 1941 fiscal year in July. On the last Wednesday in June 1941 the employment load was 46,623 persons with 2,740 persons awaiting assignment. During July Work Projects Administration employment was reduced to 32,006 persons but 11,956 unassigned certified workers were in need of Work Projects Administration work.

TABLE IV.—*State total project employment, persons awaiting assignment, total load, and employment ratio,*[1] *Michigan Work Projects Administration, April 1938 to July 1941*

Month	Project employment	Persons awaiting assignment	Total load	Employment ratio
1938				
April	146, 704	21, 218	167, 922	87. 4
May	175, 790	20, 037	195, 827	89. 8
June	187, 625	38, 128	225, 753	83. 1
July	192, 749	5, 795	198, 544	97. 1
August	202, 296	6, 527	208, 823	96. 9
September	181, 176	9, 353	190, 529	95. 1
October	165, 264	5, 021	170, 285	97. 1
November	151, 279	8, 902	160, 181	94. 4
December	143, 480	14, 595	158, 075	90. 8
1939				
January	135, 925	19, 652	155, 577	87. 4
February	143, 948	10, 297	154, 245	93. 3
March	139, 029	14, 984	154, 013	90. 3
April	126, 105	27, 243	153, 348	82. 2
May	119, 548	26, 166	145, 714	82. 0
June	123, 081	18, 009	141, 090	87. 2
July	112, 162	12, 386	124, 548	90. 1
August	85, 517	18, 028	103, 545	82. 6
September	76, 123	18, 816	94, 939	80. 2
October	83, 664	11, 855	95, 519	87. 6
November	87, 101	8, 446	95, 547	91. 2
December	86, 404	7, 326	93, 730	92. 2
1940				
January	84, 867	12, 671	97, 538	87. 0
February	87, 317	15, 222	102, 539	85. 2
March	88, 566	17, 989	106, 555	83. 1
April	81, 638	25, 163	106, 801	76. 4
May	76, 303	23, 491	99, 794	76. 5
June	61, 053	37, 709	98, 762	61. 8
July	63, 819	29, 489	93, 308	68. 4
August	66, 968	24, 160	91, 128	73. 5
September	64, 482	21, 143	85, 625	75. 3
October	68, 017	13, 892	81, 909	83. 0
November	66, 090	12, 936	79, 026	83. 6
December	67, 075	10, 941	78, 016	86. 0
1941				
January	68, 242	11, 265	79, 507	85. 8
February	65, 888	13, 828	79, 716	82. 7
March	61, 716	13, 890	75, 606	81. 6
April	54, 153	8, 849	63. 002	86. 0
May	50, 894	2, 216	53, 110	95. 8
June	46, 623	2, 740	49, 363	94. 4
July	32, 006	11, 956	43, 962	72. 8

[1] Does not include employment on projects operated by Federal agencies with transferred Work Projects Administration funds or on the Federal Nation-wide project, minor program classification 508.

Also in this group reported as seeking work are those persons barred from certification by law because they are aliens or because they are members of communistic or nazi organizations. There are persons not eligible for Work Projects Administration employment included who are members of families in which another person is employed, receiving adequate income to support the group, or who have other means of support such as pensions, personal investments or compensation benefits. Finally there are large numbers of persons who have obtained employment in the vast industrial expansion which has occurred since March 1940. All of these different groups account for part of the 295,368 persons reported in the census of 1940 as seeking work and as employed on public-work programs, so that as of September 1, 1941, a combined estimate of the relief and Work Projects Administration organizations in the State set 59,500 as the total number of needy families in Michigan having an employable member.

WORK PROJECTS ADMINISTRATION LAY-OFFS—18-MONTH CONTINOUS EMPLOYMENT DISCHARGES

The reasons for Work Projects Administration discharges of project workers classified by whether these lay-offs are voluntary or involuntary on the part of the workers affected is indicated by table V. The principal factors involved in the involuntary lay-offs are the restriction due to financial limitations and as indicated by table V the mandatory discharges due to 18 months continuous Work Projects Administration employment as required by law. Since the 18-month Work Projects Administration employment limit was apparently invoked to urge project workers to seek private employment, it is significant that the number of recertifications for these discharged workers is very high.

TABLE V.—*State total terminations from project employment by total, involuntary and voluntary terminations, Michigan Work Projects Administration, January 1939 to June 1941*

	Total terminations	Involuntary terminations		Voluntary terminations
		Total	By law, 18 months continuous employment	
1939				
January	10,041	3,546	--------------	6,495
February	10,412	5,518	--------------	4,894
March	11.332	4,016	--------------	7,316
April	15,177	7,591	--------------	7,586
May	10,655	4,605	--------------	6.050
June	6,889	1.761	--------------	5,128
July	17.010	10,317	6,300	6,693
August	32,564	27.404	21,483	5,160
September	14,923	6,723	5,573	8,200
October	12,998	5,343	3,044	7,655
November	12,488	7,160	5,620	5,328
December	10,564	6,897	3,181	3,667
1940				
January	10,303	6,886	1,439	3,417
February	9.914	7,272	3,495	2,642
March	10,149	6,823	2,543	3,326
April	13,713	9,168	1,660	4,545
May	11,813	6,837	1,165	4,976
June	18,661	15.408	341	3,253
July	6,313	3,418	200	2,895
August	7,404	4,077	1,012	3.327
September	8,133	4,127	1,382	4,006
October	7,324	2,534	428	4.790
November	6,725	3,316	332	3,409
December	6,927	3,472	732	3,455
1941				
January	6,133	2.915	468	3.218
February	7,094	3,436	318	3,658
March	8,732	4,473	2,086	4,259
April	12,004	5,754	3,980	6,250
May	10,228	3,948	2,430	6,280
June	12,031	7,599	1,019	4,432

The most obvious conclusion that can be drawn is that most of these workers discharged on account of 18 months continuous employment on Work Projects Administration projects have difficulty securing private jobs because they cannot meet employer qualifications.

During the period from December 1, 1939, through June 30, 1941, a total of 28,211 workers were discharged because of 18 months continuous Work Projects Administration employment. During a similar period beginning 1 month later, because at least 1 month must elapse before these discharged workers become eligible for recertification, 24,218 workers were recertified for Work Projects Administration employment after previous termination of such employment under the 18 month ruling. On this basis, of the 28,211 workers discharged after 18 months continuous employment, 86 percent of this number were recertified during a similar period occurring 1 month later.

Voluntary lay-offs consisted principally of workers leaving the Work Projects Administration program for private employment.

ECONOMIC AREAS IN MICHIGAN

Michigan can be divided into four economic areas each having certain clearly recognizable problems. These areas are (1) the Upper Peninsula, (2) the northern cut-over area, (3) the southern agricultural and industrial area, and (4) Wayne County.

Economic activity in the Upper Peninsula is based chiefly upon mining (iron and copper), agriculture, lumbering, and the tourist trade. Agriculture is on a low level consisting chiefly of small marginal farmers. The lumbering industry has been steadily declining for several years since it is now unable to compete successfully with the production of western lumbering areas. Each year thousands of tourists visit the Upper Peninsula and this trade forms the basis of an extensive resort industry. However, since activity is limited to a few months a year, as an employment factor the effect of this industry is limited. Mining has been and is today the major industry. It consists chiefly of iron mining. The copper industry, already weak, has further declined as the price of copper has been depressed. The competition of the western low cost open pit mines cannot be met. This area has for years been economically depressed and a major relief problem.

The northern Lower Peninsula is the cut-over lumbering area of the State. Since it has been impoverished by the lumbering industry, there has been little economic improvement in this area. Because of poor land it is generally unsuited for farming except for limited areas suitable for the cultivation of fruits. This region consists of northern counties in the lower peninsula. A relatively large percentage of the population requires public assistance since there is very little industrial or agricultural activity.

The southern Lower Peninsula is economically well situated. It consists of large areas of rich farm lands, wealthy industrial centers, and areas where industrial and agricultural activities are combined. Large industrial concentrations are found in Lansing, Pontiac, Jackson, Bay City, Saginaw, Flint, Grand Rapids, Muskegon, Kalamazoo, and Battle Creek. In comparison with its population, this area has the smallest percentage of relief recipients and Work Projects Administration employees.

Wayne County is one of the largest industrial centers in the world. Its fortunes are closely related to the condition of the large industries located there. Relief problems are inseparable from the extent of industrial activity.

In table VI is given an analysis of the relief and Work Projects Administration load as of July 30, 1941, in relation to the total population for the areas mentioned and for each county under the areas. The Upper Peninsula and the northern cut-over area have only 13 percent of the population but account for 25 percent of the relief load and 29 percent of the Work Projects Administration employment load. While although 87 percent of the total population is concentrated in southern Michigan (including Wayne County), this area has a relatively smaller relief and Work Projects Administration load with 75 percent of the State relief load and 71 percent of the State Work Projects Administration load.

TABLE VI.—*Comparison of cases on direct relief, Work Projects Administration employment and persons available for assignment by county under economic areas, Michigan Work Projects Administration, July 30, 1941*

	Number of persons				Ratio to State total			
	Direct relief	Work Projects Administration employment	Awaiting assignment	Population, 1940 census	Direct relief	Work Projects Administration employment	Awaiting assignment	Population, 1940 census
Upper Peninsula	4,302	6,937	2,468	323,544	14.80	21.57	20.64	6.15
Northern area	2,985	2,449	1,219	360,325	10.27	7.61	10.21	6.86
Southern area	9,529	10,769	3,875	2,556,614	32.77	33.49	32.40	48.64
Wayne County	12,257	11,967	4,394	2,015,623	42.16	37.21	36.75	38.35
Undistributed	----------	38	----------	----------	----------	.12	----------	----------
State total	29,073	32,160	11,956	5,256,106	100.00	100.00	100.00	100.00
A. UPPER PENINSULA								
Alger	99	112	58	10,167	0.34	0.35	0.49	0.19
Baraga	179	234	55	9,356	.62	.73	.46	.18
Chippewa	54	279	159	27,807	.19	.87	1.33	.53
Delta	602	689	251	34,037	2.07	2.14	2.10	.65
Dickinson	253	1,054	465	28,731	.87	3.28	3.89	.55
Gogebic	848	891	313	31,797	2.92	2.77	2.62	.60
Houghton	832	1,364	426	47,631	2.86	4.24	3.56	.91
Iron	375	655	199	20,243	1.29	2.04	1.66	.38
Keweenaw	106	246	36	4,004	.36	.76	.30	.07
Luce	[1] 98	10	38	7,423	.34	.03	.32	.14
Mackinac	[1] 146	140	28	9,438	.50	.43	.23	.18
Marquette	202	526	194	47,144	.69	1.64	1.62	.90
Menominee	167	461	132	24,883	.57	1.43	1.11	.47
Ontonagon	217	122	84	11,359	.75	.38	.70	.22
Schoolcraft	124	154	30	9,524	.43	.48	.25	.18
B. NORTHERN CUT-OVER AREA								
Alcona	33	35	34	5,463	0.11	0.11	0.29	0.10
Alpena	136	227	25	20,766	.47	.71	.21	.40
Antrim	100	67	16	10,964	.34	.21	.13	.21
Arenac	24	65	37	9,233	.08	.20	.31	.18
Benzie	160	87	27	7,800	.55	.27	.23	.15
Charlevoix	129	98	33	13,031	.44	.30	.28	.25
Cheboygan	129	116	149	13,644	.44	.36	1.25	.26
Clare	88	36	20	9,163	.30	.11	.17	.18
Crawford	47	71	1	3,765	.16	.22	.01	.07
Emmet	81	168	49	15,791	.28	.52	.41	.30
Gladwin	41	50	56	9,385	.14	.16	.47	.18
Grand Traverse	85	127	70	23,390	.29	.39	.59	.45
Iosco	15	71	4	8,560	.05	.22	.03	.16
Isabella	44	108	34	25,982	.15	.34	.28	.49
Kalkaska	[1] 67	68	20	5,159	.23	.21	.17	.10
Lake	258	60	65	4,798	.89	.19	.54	.09
Leelanau	142	50	12	8,436	.49	.16	.10	.16
Manistee	177	129	39	18,450	.61	.40	.33	.35
Mason	142	149	54	19,378	.49	.46	.45	.37
Mecosta	73	70	35	16,902	.25	.22	.29	.32
Missaukee	101	60	16	8,034	.35	.19	.13	.15
Montmorency	42	11	50	3,840	.14	.03	.42	.07
Newaygo	214	87	37	19,286	.74	.27	.31	.37
Oceana	82	64	20	14,812	.28	.20	.17	.28
Ogemaw	49	52	126	8,720	.17	.16	1.05	.17
Osceola	54	31	8	13,309	.19	.10	.07	.25
Oscoda	57	11	39	2,543	.20	.03	.33	.05
Otsego	60	45	5	5,827	.21	.14	.04	.11
Presque Isle	150	56	49	12,250	.52	.17	.41	.23
Rescommon	54	10	18	3,668	.19	.03	.15	.07
Wexford	151	170	71	17,976	.52	.53	.59	.34

[1] Estimated.

TABLE VI.—*Comparison of cases on direct relief, Work Projects Administration employment and persons available for assignment by county under economic areas, Michigan Work Projects Administration, July 30, 1941*—Continued

C. SOUTHERN INDUSTRIAL AND AGRICULTURAL AREA

	Number of persons				Ratio to State total			
	Direct relief	Work Projects Administration employment	Awaiting assignment	Population, 1940 census	Direct relief	Work Projects Administration employment	Awaiting assignment	Population, 1940 census
Allegan	189	55	60	41,839	0.65	0.17	0.50	0.80
Barry	155	102	8	22,613	.53	.32	.07	.43
Bay	193	518	53	74,981	.66	1.61	.44	1.43
Berrien	257	277	117	89,117	.88	.86	.98	1.70
Branch	143	48	15	25,845	.49	.15	.13	.49
Calhoun	217	751	53	94,206	.75	2.34	.44	1.79
Cass	69	100	8	21,910	.24	.31	.07	.42
Clinton	87	66	2	26,671	.30	.21	.02	.51
Eaton	99	96	18	34,124	.34	.30	.15	.65
Genesee	542	1,275	837	227,944	1.86	3.96	7.00	4.34
Gratiot	140	180	7	32,205	.48	.56	.06	.61
Hillsdale	115	63	29	29,092	.40	.20	.24	.55
Huron	71	20	102	32,584	.24	.06	.85	.62
Ingham	671	998	163	130,616	2.31	3.10	1.36	2.48
Ionia	198	140	56	35,710	.68	.44	.47	.68
Jackson	325	643	274	93,108	1.12	2.00	2.29	1.77
Kalamazoo	455	376	90	100,085	1.57	1.17	.75	1.90
Kent	1,210	1,573	451	246,338	4.16	4.89	3.77	4.69
Lapeer	204	79	8	32,116	.70	.25	.07	.61
Lenawee	242	105	25	53,110	.83	.33	.21	1.01
Livingston	109	18	2	20,863	.37	.06	.02	.40
Macomb	163	236	141	107,638	.56	.73	1.18	2.05
Midland	35	7	51	27,094	.12	.02	.43	.52
Monroe	400	200	49	58,620	1.38	.62	.41	1.12
Montcalm	106	69	43	28,581	.37	.21	.36	.53
Muskegon	518	692	247	94,501	1.78	2.15	2.06	1.80
Oakland	538	450	459	254,068	1.85	1.40	3.84	4.83
Ottawa	265	92	44	59,660	.91	.28	.37	1.14
Saginaw	372	700	181	130,468	1.28	2.18	1.51	2.48
St. Clair	415	192	124	76,222	1.43	.60	1.04	1.45
St. Joseph	[1] 129	48	14	31,749	.44	.15	.12	.60
Sanilac	128	20	24	30,114	.44	.06	.20	.57
Shiawassee	186	175	17	41,207	.64	.54	.14	.78
Tuscola	[1] 95	49	4	35,694	.33	.15	.03	.68
Van Buren	312	77	46	35,111	1.07	.24	.38	.67
Washtenaw	176	279	53	80,810	.61	.87	.44	1.54

D. WAYNE COUNTY

Wayne	12,257	11,967	4,394	2,015,623	42.16	37.21	36.75	38.35

[1] Estimated.

METHOD OF ALLOCATING WORK PROJECTS ADMINISTRATION FUNDS BETWEEN AREAS

The four administrative districts of Work Projects Administration in Michigan do not parallel the economic areas in entirety. District 1 is the Upper Peninsula. Districts 2 and 3 divide the Lower Peninsula east and west, and thus each include half of both the northern cut-over area and the southern agricultural and industrial area. District 4 is Wayne County. As a result State allocation of the employment quota is based upon administrative districts rather than upon the economic areas just described.

This distribution to districts is made on the basis of the proportion of the district's total Work Projects Administration load, employed and awaiting assignment, to the total State load. From this direct proportion distribution, a slight adjustment is made according to the chance for employment in the area.

In each district office the same allocation of quota is made to the individual counties. In general the division is in accordance with the proportion of the load in each county; however, several incidental factors force variance from this simple rule. Since persons returning from private employment within certain set periods are eligible for mandatory reinstatement on project employment, the number of such returns in a given area necessarily affects the quota. Other factors such as available projects and projects of a defense nature having priority either lower or raise the quota in a given county by their absence or existence within the county.

WORK PROJECTS ADMINISTRATION WORKERS AND LOCAL LABOR REQUIREMENTS

The Work Projects Administration program since its beginning has been concerned with the problems of readjusting the project employees into the economic life of their communities. The problems incident to the reemployment of Work Projects Administration workers in private industry have been many. Throughout the depression years there have been large numbers of unemployed workers seeking work and a very limited demand for labor with the obvious result that only the best-qualified workers were able to secure employment. Work Projects Administration workers, while in most cases fully employable, have faced many difficulties in finding jobs. The largest number were unskilled laborers or had skills in occupations no longer in demand. Applicants for industrial jobs were faced by age limits as low as 30 years; Negroes faced discrimination on the basis of color; women found that only a few fields of employment were open to them; in certain localities workers found that employers were prejudiced against workers having had Work Projects Administration work experience.

While these factors have greater weight during periods of extensive unemployment, there is evidence that even under our present expanded economic program these factors affect the employment opportunities of Work Projects Administration workers. From reports received during the first of September from local Work Projects Administration offices it is evident that while shortages do exist in industrial areas for some highly skilled workers, there is an abundance of semiskilled and unskilled labor. In Oakland County, for example, local sources indicate that even at peak employment for the current year (March) when 24,000 workers were employed in the 11 largest Pontiac shops alone, there was a surplus of unskilled labor. In Grand Rapids with an all-time high in employment levels, the Michigan State Employment Service has, as of September 1, 1941, 8,100 available workers on file. Of this group 1,486 are skilled, 2,071 semiskilled, and the remainder unskilled. During 1937, a comparable year in many respects because of high industrial activity, there were 195,533 workers totally unemployed in the State plus 54,176 workers employed on emergency work (Work Projects Administration, Civilian Conservation Corps, National Youth Administration), according to the United States Unemployment Census of that year.

WORK PROJECTS ADMINISTRATION WORKERS EMPLOYMENT QUALIFICATIONS

An analysis of the qualifications of Work Projects Administration employees employed and available for assignment as of August 27, 1941, indicates the present status of Work Projects Administration workers compared to the qualifications of all unemployed workers in 1937. The distribution by age of Work Projects Administration workers is especially revealing (tables VII and VIII). By far the largest majority (81 percent) are 35 years old or older. In 1937, of all unemployed workers only 46 percent fell into the group. Comparison of age levels of Work Projects Administration workers in the economically poor Upper Peninsula and industrial Wayne County indicate that Wayne County Work Projects Administration workers are somewhat older (80 percent over 34 years old) than workers in the Upper Peninsula (74 percent over 34 years old). While at the present time age requirements are undoubtedly being relaxed, there is abundant evidence that restrictions still exist especially in regard to the hiring of unskilled workers in large industrial centers.

The changing characteristics of the age factor in the Work Projects Administration load is evident. In 1937 of all persons employed on public emergency projects (principally Work Projects Administration project employment) 62 percent were 35 years old or older but in August 1941 Work Projects Administration workers were considerably older—81 percent were over 34 years old.

Many illustrations of the effect of the factor of age on reemployment could be given. The following are representative. The local Work Projects Administration office in Flint reports that although there is no definite age limit set, particularly in relation to skills, in practice inexperienced men above 35 have a difficult time in securing factory work. Hiring specifications at one Bay City industry are reported as including: Age limit to 31; weight about 150 pounds; eighth grade education; physical examination required; experience not required. A Jackson company recently requested the local Michigan State Employment Service refer to them 60 laborers to work as dock hands. The men were to be about 6 feet tall, weighing about 165 pounds, and between the ages of 21 to 35.

DISCRIMINATION AGAINST EMPLOYMENT OF NEGROES

Negroes also present reemployment problems. Twenty-two percent of the current Work Projects Administration load are Negroes as compared to the ratio of 12 percent Negroes to the total unemployed workers in 1937. The difficulty of these Negro workers becomes more pointed by evidence received from various areas throughout the State where Negro families are concentrated. The Detroit Urban League states that a survey of 384 plants in Wayne County, of which 80 percent were engaged in defense orders, revealed that 273 employed no Negroes and 71 stated they had no intention of hiring any. Negroes who completed defense vocational education classes in Detroit were told that no Negroes would be hired in two of the largest automobile factories. About 20 years ago, a Port Huron foundry imported several hundred Mexican and Negro families. The foundry no longer operates and other industry has been unwilling to absorb these workers, leaving them a "stranded population" in the South Park section of Port Huron. Opportunities for colored workers has been largely limited to difficult or menial labor such as foundry work, domestic service, road and street work, gasoline station attendance, and hotel work.

FEMALE WORK PROJECTS ADMINISTRATION WORKERS

The 9,390 female workers employed or awaiting assignment to Work Projects Administration projects also present a placement problem, since they constitute 23 percent of the total State Work Projects Administration load. When, in July, the Work Projects Administration was forced to reduce employment levels to meet available funds a reduction was made on the Wayne County sewing project. Very strenuous objections were made and a Detroit newspaper discussed the lay-off under the headline, "A Future Brimful of Nothing—Work Projects Administration snuffs the light in lives of 1,375 unwanted old women."

Tables VII and VIII indicate the age, sex, and color distribution of assigned and unassigned persons certified to Work Projects Administration in Michigan as of August 27, 1941. Similar data for all unemployed workers as tabulated in the 1937 unemployment census is included to show the status of Work Projects Administration employees compared to similar distribution in total unemployment in Michigan.

TABLE VII.—*Total certified load classified by age, sex, and color, Michigan Work Projects Administration, August 1941*

Area	Total	Age												Sex		Race		
		18–19	20–24	25–29	30–31	35–39	40–44	45–49	50–54	55–59	60–64	65 and over	Un-known	Male	Female	White	Negro	Other
State total	40, 315	371	2, 145	2, 552	2, 751	3, 328	4, 128	5, 556	5, 805	5, 932	4, 989	2, 691	67	30, 924	9, 391	31, 322	8, 726	267
Working	32, 319	255	1, 605	2, 009	2, 172	2, 609	3, 341	4, 629	4, 810	4, 758	3, 942	2, 135	51	27, 281	5, 038	25, 371	6, 719	229
Available	7, 996	116	540	543	579	719	787	927	995	1, 174	1, 047	556	13	3, 643	4, 353	5, 951	2, 007	38
Upper Peninsula	8, 858	108	605	797	825	734	800	1, 025	1, 100	1, 180	1, 051	633	0	7, 854	1, 004	8, 781	3	74
Working	7, 194	83	523	714	716	636	688	860	909	862	744	459	0	6, 605	589	7, 127	2	65
Available	1, 664	25	82	83	109	98	112	165	191	318	307	174	0	1, 249	415	1, 654	1	9
Wayne County	15, 097	173	920	921	949	1. 327	1, 672	2. 348	2, 287	2, 216	1, 525	746	13	10, 766	4, 331	8, 115	6, 943	39
Working	12, 324	105	614	656	680	991	1, 360	2, 018	2, 013	1, 936	1, 313	625	13	9, 847	2, 477	6, 839	5, 447	38
Available	2, 773	68	306	265	269	336	312	330	274	280	212	121	0	919	1, 854	1, 276	1, 496	1
Unemployment census of 1937:																		
Total	195, 533	31, 208	36, 780	20, 702	16, 357	15, 993	15, 494	15, 588	13, 743	11, 306	9, 005	7, 791	1, 566	147, 569	47, 964	176, 993	17, 724	816
Employed on emergency programs	54, 176	6, 443	5, 912	3, 728	4, 023	4, 474	5, 353	6, 352	6, 453	5, 507	3, 890	1, 543	498	47, 758	6, 418	48, 063	5, 745	368

TABLE VIII.—*Percentage distribution of the certified load, classified by age, sex, and color, Michigan Work Projects Administration, August 1941*

Area	Total	Age												Sex		Race		
		18–19	20–24	25–29	30–34	35–39	40–44	45–49	50–54	55–59	60–64	65 and over	Unknown	Male	Female	White	Negro	Other
State total	100.00	0.9	5.3	6.3	6.8	8.3	10.2	13.8	14.4	14.7	12.4	6.7	0.2	76.7	23.3	77.7	21.6	0.7
Working	100.00	.8	5.0	6.2	6.7	8.1	10.3	14.3	14.9	14.7	12.2	6.6	.2	84.4	15.6	78.5	20.8	.7
Available	100.00	1.5	6.8	6.8	7.2	9.0	9.8	11.6	12.4	14.7	13.1	6.9	.2	45.6	54.4	74.4	25.1	.5
Upper Peninsula	100.00	1.2	6.8	9.0	9.3	8.3	9.0	11.6	12.4	13.3	11.9	7.2	0	88.7	11.3	99.1	0	.9
Working	100.00	1.2	7.3	9.9	9.9	8.8	9.6	12.0	12.6	12.0	10.3	6.4	0	91.8	8.2	99.1	0	.9
Available	100.00	1.5	4.9	5.0	6.5	5.9	6.7	9.9	11.5	19.1	18.5	10.5	0	75.1	24.9	99.4	.1	.5
Wayne County	100.00	1.1	6.1	6.1	6.3	8.8	11.1	15.5	15.2	14.7	10.1	4.9	.1	71.3	28.7	53.7	46.0	.3
Working	100.00	.9	5.0	5.3	5.5	8.0	11.0	16.4	16.3	15.7	10.7	5.1	.1	79.9	20.1	55.5	44.2	.3
Available	100.00	2.4	11.0	9.6	9.7	12.1	11.3	11.9	9.9	10.1	7.6	4.4	0	33.1	66.9	46.0	54.0	0
Unemployment census of 1937:																		
Total	100.00	15.9	18.8	10.6	8.4	8.2	7.9	8.0	7.0	5.8	4.6	4.0	.8	75.5	24.5	90.5	9.1	.4
Employed on emergency programs	100.00	11.9	10.9	6.9	7.4	8.3	9.9	11.7	11.9	10.2	7.2	2.8	.9	88.1	11.9	88.7	10.6	.7

SKILLS OF WORK PROJECTS ADMINISTRATION WORKERS

Since worker's skills play an important part in the reemployment program and there is now developing shortages in certain skilled trades, the composition of the present Work Projects Administration load in respect to this factor is of interest. A break-down of skills of Work Projects Administration workers, assigned and unassigned, as of August 27, 1941, was made and is presented in table IX. This break-down indicates the large percentage of 45 percent of the workers in the unskilled class. The next largest grouping is the production workers with 29 percent of the total, white-collar workers with 17 percent and service workers with 9 percent make up the remainder. It is immediately apparent that as far as present labor shortages are concerned, very few Work Projects Administration workers could qualify for positions. The only group that can be considered to have a relation to defense production labor needs is the production group. Yet 65 percent of this group are classified as construction laborers and a percentage of the remainder have skills not considered essential to defense production.

TABLE IX.—*Total Work Projects Administration certified load classified according to skills, Michigan Work Projects Administration, August 1941*

	Total	Project employees	Available for assignment
Total persons	37, 390	31, 574	5, 816
Total skilled and semiskilled	20, 492	16, 918	3, 574
Total unskilled	16, 898	14, 656	2, 242
White-collar, total	6, 505	5, 337	1, 168
Professional	1, 406	1, 194	212
Clerical	3, 266	2, 604	662
Other	1, 833	1, 539	294
Production, total	10, 976	9, 271	1, 705
Construction	7, 184	6, 754	430
Other	3, 792	2, 517	1, 275
Service workers	3, 011	2, 310	701

WORK PROJECTS ADMINISTRATION PARTICIPATION IN THE DEFENSE VOCATIONAL TRAINING PROGRAM

Since July 1940 the Work Projects Administration, in cooperation with other public agencies, has maintained from two to three thousand Work Projects Administration workers in courses offered by the national defense vocational training program. The purpose of this program has been to provide, through schools and local industries, training and refresher courses in skills essential to the production of defense materials.

In selecting suitable candidates for this training, all Work Projects Administration workers currently employed or available for assignment were interviewed. Workers who by interest and previous experience were likely to be benefited by training and those already having skills in occupations related to defense industries were classified by experience in a defense industries register file. From this file assignments to various training courses and referrals to available industrial jobs are made as openings develop. Table X indicates, by industrial occupational groups the composition of this file on July 16, 1941. On this date there were 12,420 persons believed to possess defense skills or to be eligible for vocational training. This number represents 26 percent of the total number of workers employed and available for assignment of 47,052 as of that date and indicates the relationship of present skills of Work Projects Administration workers to defense labor needs. A number of the workers considered eligible for training, a certain number are later disqualified after assignment to a training course is made. (See tables XI, XII, XIII.)

TABLE X.—*Number of persons included in the defense industries register file qualified for employment in defense industries according to industrial occupational classification, Michigan Work Projects Administration as of July 16, 1941*

Industrial occupational group	Number of persons		
	State total	Upper Peninsula	Wayne County
Total all groups	12,420	1,591	7,682
1. Aircraft manufacturing and transportation occupations	19	1	12
2. Any industry occupations	2,711	315	1,369
3. Automobile manufacturing occupations	1,034	53	749
4. Automobile service occupations	390	185	110
5. Boiler-making occupations	22	5	7
6. Chemical and explosives occupations	2	0	1
7. Clock, watch, and optical goods occupations	4	1	2
8. Construction occupations	1,520	420	588
9. Electrical equipment occupations	15	4	10
10. Firearms occupations	4	2	2
11. Forging occupations	317	96	105
12. Foundry occupations	1,249	37	978
13. Garment occupations	71	0	70
14. Glass manufacturing occupations	7	0	7
15. Heat treatment occupations	116	2	90
16. Iron and steel occupations	44	2	41
17. Light, heat, and power occupations	19	9	4
18. Locomotive, car building and repairing occupations	24	8	14
19. Machine shop occupations	1,752	198	921
20. Miscellaneous industries occupations	2,483	5	2,467
21. Professional and kindred occupations	122	48	49
22. Radio manufacturing occupations	7	0	4
23. Sheet metal occupations	108	33	30
24. Ship and boat building and repairing occupations	31	5	8
25. Telephone and telegraph occupations	16	1	4
26. Textile manufacturing occupations	8	0	1
27. Woodworking occupations	325	161	39

TABLE XI.—*All trainees who have been employed by the Work Projects Administration on the national defense vocational training project, by employment status, course completion, and by race, State total, Michigan Work Projects Administration, Aug. 27, 1941*

Employment status	Total	Course completed	Course not completed	White	Negro	Other
Total	11.537	4,775	6,762	9,536	1,952	49
Employed on national defense vocational training project	1,912	0	1,912	1,577	326	9
Separated from national defense vocational training project because found unsuited for training	829	0	829	618	204	7
Known to have obtained private or public employment	4,748	1,861	2,887	4,241	491	16
Left Work Projects Administration for unknown reason and not reemployed on any Work Projects Administration-financed project	1,261	721	540	993	266	2
Other trainees employed on Work projects Administration-financed projects	1,851	1,675	176	1,385	456	10
Other trainees not employed on any Work Projects Administration-financed project	936	518	418	722	209	5

TABLE XII.—*All trainees who have been employed by the Work Projects Administration on the national defense vocational training project, by employment status, course completion, and by race, Upper Peninsula, Michigan Work Projects Administration, Aug. 27, 1941*

Employment status	Total	Course completed	Course not completed	White	Negro	Other
Total	812	458	354	812	0	0
Employed on national defense vocational training project	182	0	182	182	0	0
Separated from national defense vocational training project because found unsuited for training	59	0	59	59	0	0
Known to have obtained private or public employment	304	261	43	304	0	0
Left Work Projects Administration for unknown reason and not reemployed on any Work Projects Administration financed project	30	17	13	30	0	0
Other trainees employed on Work Projects Administration financed projects	195	155	40	195	0	0
Other trainees not employed on any Work Projects Administration financed project	42	25	17	42	0	0

TABLE XIII.—*All trainees who have been employed by the Work Projects Administration on the national-defense vocational-training project, by employment status, course completion, and by race, Wayne County, Mich. Work Projects Administration, Aug. 27, 1941*

Employment status	Total	Course completed	Course not completed	White	Negro	Other
Total	7, 383	3, 359	4, 024	5, 557	1, 787	39
Employed on national-defense vocational-training project	1, 144	--------	1, 144	852	284	8
Separated from national-defense vocational-training project because found unsuited for training	532	--------	532	339	187	6
Known to have obtained private or public employment	2, 680	1, 121	1, 559	2. 228	440	12
Left Work Projects Administration for unknown reason and not reemployed on any Work Projects Administration financed project	1, 033	613	420	778	254	1
Other trainees employed on Work Projects Administration financed projects	1, 339	1, 260	79	894	437	8
Other trainees not employed on any Work Projects Administration financed project	655	365	290	466	185	4

The vocational training program has met with considerable success since there has been a general recognition on the part of employers of the need for such a program. A large number of trainees have secured work both before their course had been completed and immediately afterward. Tables XI, XII, XIII report the activity of the training program as it involves Work Projects Administration workers. Data cumulative to August 27, 1941, are given for Wayne County, the Upper Peninsula, and for the State. Out of the total number of Michigan Work Projects Administration workers given training 41 percent were known to have secured private employment and 1,261 workers, some of whom undoubtedly secured employment, left Work Projects Administration for an unknown reason but were not reemployed on any Work Projects Administration-financed project.

The percentage of workers securing private employment in the Upper Peninsula (37 percent) and Wayne County (36 percent) were about the same. Only white workers were given training in the Upper Peninsula since the Negro population is very small. In Wayne County 1,787 or 24 percent of the total number of trainees were Negroes.

In Work Projects Administration district 3 (eastern half of Michigan excluding Wayne County) data are available indicating occupations at which former trainees, known to be in private employment, are now working. Out of a total of 946 workers known to have obtained private employment 75 are working in foundries, 504 in machine shops and 217 in other industries. Table XIV indicates this distribution and makes a further break-down by type of work obtained by former trainees.

TABLE XIV.—*Occupations of present employment former trainees known to be in private employment national defense vocational training project district III, Michigan Work Projects Administration, August 1941*

FOUNDRY	
Core maker	5
Moulding	34
Chipper	2
Furnace helper	1
Heat treat	3
Shake-out	1
Stemmer	1
General foundry work	27
Foundry helper	1
Total	75
MACHINE SHOP	
Machine operators	240
Grinder	30
Milling machine	9
Lathe	46
Drill press	12
Profile operator	3
Bullard operator	1
Machinist	29
Millwright	5
Production line assembler	26
Bench work	4
Tool maker's apprentice	3
Punch press operator	5
Shape operator	2
Automatic operator	1
Gear cutter	1
Factory laborer	21
Parts and service	2
Trimmer	1
Die maker	1
Saw operator	2
Burrer	4
Machine repair	2
Riveter	2
Tool crib attendant	1
Stock work	10
Maintenance	11
Electrical	4
Electrician's helper	1
Inspectors	24
Pattern makers	1
Total	504
OTHER	
Welding	37
Drafting	4
Blue-print reader	1
Mechanic	16
Menchanic's helper	1
Plant protection	1
Carpenter	4
Plasterer	1
Plasterer's helper	1
Sheet metal work	34
Sheet metal worker's helper	2
Truck driver	22
Boat pilot	1
Body bumper and painter	1
Painter	7
Lather	1
Salesman	6
Taxi driver	2
Sweeper	5
Watchman	1
Janitor	8
Porter	2
Clerical	8
Timekeeper	1
Farm hand	2
Station attendant	2
Prison guard	1
Teacher (auto mechanics)	1
Cook	1
Section hand	1
Laborer (miscellaneous)	30
Laborer, construction	12
Total	217

REQUESTS TO WORK PROJECTS ADMINISTRATION OFFICES TO SUPPLY LABOR

In their efforts to place Work Projects Administration workers in private employment there is a close working relationship between the Work Projects Administration and the Michigan State Employment Service, the principal employment agency in the State. While the practice varies somewhat between different areas in the State, the general procedure is very similar. The Michigan State Employment Service notifies the Work Projects Administration occupational classifier of available work opportunities in the locality. The occupational classifier interviews Work Projects Administration workers that meet the general qualifications required and refer these workers to the Michigan State Employment Service for placement. There has been little difficulty in getting Work Projects Administration workers to accept other employment. This procedure is used extensively, and in Macomb County alone it is estimated that about 160 certified Work Projects Administration workers were placed in this manner. In Lansing and vicinity, with the cooperation of the Lansing Michigan State Employment Service office, several hundred placements of Work Projects Administration workers in Lansing industry and Ingham County farm work were made. Each year in the spring Work Projects Administration workers who have had farm experience are suspended from their Work Projects Administration jobs in areas where there is known to be a need for farm labor until the need for seasonal farm labor is over.

Whether employment requests are received through the Employment Service or directly by prospective employers, referrals are immediately made and followed up. Appropriate action is taken where necessary to make certain that suitable employment is accepted when available.

MIGRATORY LABOR IN MICHIGAN

The problems incident to migratory labor has affected, to various degrees, certain communities in Michigan for several years. Each year thousands of out-of-State migrant fruit workers work in the orchards and small fruit fields of western Michigan. Throughout the same region but extending into the Upper Peninsula and northern lower peninsula are the State resort centers. The need of additional workers in these areas draw many hundreds of both Michigan and out-of-State workers. Migratory beet and onion workers are imported each season to tend onion and sugar-beet fields. Annual migration of the lumberjack, sailor, and casual job seekers have occurred for many years. These problems still exist within the State and have an effect on employment levels of the communities in which they are found. The Work Projects Administration program in Michigan has had little direct contact with these migrants since most of them leave for other jobs when their work in Michigan is finished and consequently only occasionally arise as an unemployment problem.

Indirectly, however, this infiltration of workers affects Work Projects Administration needs. To the extent to which they obtain jobs which would otherwise have been filled by local unemployed workers, Work Projects Administration employment levels are affected. Conversely it is undoubtedly true that the Work Projects Administration program has its effect on the migratory-labor problem. Workers leave their home communities and migrate when no hope remains for local employment and rumors of work in other localities give the workers the incentive to move. To the extent that the Work Projects Administration offers employment or the prospect of employment to local workers, aimless job seeking is minimized.

With the impact of change-over to defense activity, indications point to temporary unemployment, changing labor needs within and between localities, changing relief needs, and considerable shifts in population into and within the State. The following paragraphs will be concerned with these trends and their relation to the Michigan Work Projects Administration program.

EFFECT OF THE DEFENSE PROGRAM UPON INDUSTRIES AND EMPLOYMENT

The process of gearing industry to the production of material of war has important economic implications. During the past few months it has become increasingly clear that this production cannot be superimposed upon our present industrial processes. From information secured in the various communities in Michigan, during the first week of September, it becomes apparent that because of shortages of materials, industrial capacities and skilled workers, it is necessary to curtail normal production of nonessentials so that the necessary war materials can be produced. It is also apparent that although industrial communities are immediately affected, important changes are occurring in all communities throughout the State. Since the situation is rapidly changing and many undeterminate factors are involved, only very general conclusions can be drawn and these are subject to changes that are occurring daily.

INDUSTRIAL EMPLOYMENT LAY-OFFS DUE TO PRIORITIES AND SHORTAGES

The Michigan State Employment Service offices during August made a preliminary survey of the effect of production quotas and material priorities on employment in five predominantly industrial areas: Saginaw, Flint, Muskegon, Bay City and Midland, and Pontiac. Data were obtained from field contacts with industries representing a major portion of the total employment for each area.

Since employment in the automotive plants is now at a seasonably low level, employment on May 31, 1941, is used as a base from which the effect of the defense program on employment trends may be measured. The following data are obtained from these studies. Largely because of the contemplated 50-percent reduction in automobile production evidence pointed to extensive curtailments in employment in these areas. With a 40-hour-week schedule in January 1942, and assuming a 50-percent reduction in passenger-car output, it is estimated that industrial employment in Saginaw would be at least 4,000 below the total on May 31 of this year. The prospective rise in defense employment would permit transfer and continued employment for a maximum of only 1,800 of the 5,800 workers that would need to be released. In Bay City and Midland there will probably be no additional unemployment because of labor shortages during the remaining months of the year. While a few plants have experienced shortages and expect future curtailments, most of the displaced workers will be absorbed in defense production. In Muskegon it is expected that nondefense employment will decrease by 1,000 between August and the end of November. Defense employment is expected to absorb half of the number. After November, due to automobile curtailment, it is expected that more serious dislocations will occur. In Flint, it was estimated that the net increase in defense employment from May to November will provide jobs for less than 2,300 of nearly 10,400 expected dismissals of automotive employees.

The areas included in these studies are principally concerned with auto manufacturing and indications are that in these areas there will be a serious lag between the absorption of released automotive employees into defense-material production. Although as yet there were only scattered instances in these studies of curtailments due to material shortages, it is expected that this factor will affect production in the near future. One obvious difficulty mentioned was the problems incident to the absorption of auto workers in defense production because of the specialized skills required in defense plants.

EFFECT OF CURTAILMENT IN AUTOMOBILE PRODUCTION IN DETROIT

In Detroit there is a fear of a depression in the midst of prosperity. All public and private agencies concerned with this curtailment expect that unemployment will occur with only limited immediate prospects for reemployment of dismissed employees into defense production. Although the Office of Production Management has ordered an average net cut of 26½ percent in new-car production to November 30, 1941, because of the apportionment formula the cut does not apply equally to all manufacturers. In its varying application lies evidence of a 50 percent cut for the entire year. Material shortages complicate the problem since current shortages are reported for aluminum, steel, nickel, copper, tungsten, vanadium, rubber, and other commodities basic to automobile production and there is no evidence that the material supply situa ion is improving. Supplies are considered adequate for the next 8 weeks but after that reductions and lay-offs in the automobile industry alone is expected to total 60,300 in January. Various estimates place total unemployment from 90,000 to 200,000 men. The effect of increased defense employment cannot as yet be estimated, but it is generally agreed that national-defense production will not absorb the automobile workers in Detroit for some time to come.

THE EFFECT OF PRIORITIES CONTROL AND SHORTAGES IN OTHER POINTS OF THE STATE

The effect of priorities control and material shortages is not limited to the highly industrial areas already mentioned. There is abundant evidence that these economic controls affect communities in many areas in the State. Although manufacturing is limited in the Upper Peninsula, one factory employing approximately 1,000 men will be required to reduce its labor force in the near future because of a shortage of steel. It has made an appeal to local residents to label all scrap sold by them "For sale to the ——— Manufacturing Co." However, there are indications that industries providing raw material—mining and lumbering—have increased their production due to present need for these products.

In southern Michigan the effect of curtailments have been generally felt. A metal shortage at the Owosso Metal Co. may affect 2,000 men. The Huron-Portland Cement Co. of Alpena (called the largest plant of its kind in the world and normally employing about 650 men), laid off 150 men in the past few weeks reportedly because large users of cement cannot get reinforcing steel. Difficulty of obtaining foreign wood pulp was given as the reason for closing an Alpena paper company employing about 200 men. Two plants in Jackson County recently dismissed from 350 to 400 men as a result of material shortage.

Throughout the southwestern part of the State the same situation exists. Local Work Projects Administration offices submitted reports giving many examples of curtailment due to shortages. The furniture industry in Grand Rapids, which employs from 8,000 to 15,000 workers, expects to have its production seriously curtailed due to the shortage of ingredients used in the manufacture of glue. The secretary of the Employers' Association stated, "The furniture makers tell me if we can get glue we will work, if not we don't know what is apt to happen." It is estimated that several of the metal trade plants in Grand Rapids may be closed within 60 days if materials are not forthcoming. The Nash-Kelvinator Co. which manufactures refrigerators has no defense orders and may find it necessary to curtail production and dismiss some of their 2,000 employees. The Secretary of the Grand Rapids Employers Association estimates that from five to six thousand workers may be discharged within the next 90 days because of automobile production curtailment and material shortages. In Kalamazoo the Ingersol Steel & Disc Co. has laid off 150 men and expects further lay-offs. Other Kalamazoo industries are experiencing similar curtailments and at present there is insufficient defense work in Kalamazoo to absorb men expected to be laid off.

The experience of these industries are typical and indicate that industrial lay-offs are occurring to an alarming degree and that unless there is a very rapid adjustment, not yet evident to a large degree, of workers to defense production a serious economic situation will result.

THE EFFECT OF PRESENT LABOR DISLOCATIONS ON THE WORK PROJECTS ADMINISTRATION PROGRAM

It is clearly evident that there is at present and will be in the immediate future considerable unemployment resulting from the priority controls and material shortages discussed in preceding paragraphs. The effect of these reductions upon the (total certified) load of the Work Projects Administration is not as yet evident since many variable factors enter into the situation. The most immediate concern as expressed by manufacturers and representatives of public and private agencies affected by this situation is the probable extent to which defense activity will absorb workers displaced from industries affected by current shortages and curtailment. It was almost unanimously agreed that from present indications defense production cannot absorb displaced workers and that at best a period of unemployment will result from defense change-overs. Apart from this lag in defense production there is the added difficulty of adjusting displaced workers to employment in defense activities. Many unemployed workers, especially with semiskilled production experience, have found that their skills were of no use in defense material production.

Since most of the workers currently employed or recently discharged are covered by unemployment compensation, their benefit payments will cover a period of unemployment up to a 16-week period. Providing that a job is secured during this period, the unemployed worker will not be in need of Work Projects Administration employment. This period will in many cases be further extended to the degree that unemployed workers have independent incomes or other available resources. If, as appears easily possible, unemployment is of long duration, both the relief and Work Projects Administration agencies will receive increased requests for assistance. There is also a more immediate possibility of increased Work Projects Administration applications. The Work Projects Administration workers recently leaving Work Projects Administration for private employment are, under current certification procedure, entitled to immediate reinstatement to Work Projects Administration projects at the expiration of their private employment. Consequently, an increased volume of seasonal applications for reinstatement may occur this fall and early winter if present trends continue.

Relief authorities expect increased relief loads this fall if absorption of unemployed workers does not take place. The Kalamazoo County Board of Social Welfare expects that there will be a definite increase in its case load after the first of the year should local factories continue to be affected by priorities and lack of materials. Berrien County is accumulating a reserve in anticipation of the "largest relief roll ever" which they expect during the forthcoming winter season. Members of the Genesee County Board of Social Welfare have no definite prediction to offer but expect a 50-percent increase in the need for relief and relief work this fall and winter. Most other county boards of social welfare report that they expect increased need for relief and work relief this fall and winter. Estimates of the extent of this need vary between localities.

LABOR MOVEMENTS RESULTING FROM PRESENT INDUSTRIAL ACTIVITY

Local Work Projects Administration offices indicated that large numbers of persons were moving into and away from various areas in the State as a result of present defense activity. For the purposes of this report this migration of labor will be discussed in relation to the areas (Upper Peninsula, northern cut-over area, southern industrial and agricultural area, and Wayne County) previously described.

DEFENSE MIGRATION IN THE UPPER PENINSULA

As previously indicated, the effect of the defense change-over on industry is a negligible factor in the Upper Peninsula. Iron mining and the paper pulp concerns have been the principal industries affected. However, industrial gains in the industrial centers of the Lower Peninsula have had a direct effect upon the Upper Peninsula labor force. The unavailability of local jobs and low wage levels are the principal motivating factors for migrations of workers from the Upper Peninsula to southern industrial centers even though there is no scarcity of labor; pulp operators in the entire Upper Peninsula have had considerable difficulty in employing the number of men they need. This is generally considered to be due to two main factors: Low wages and the consequent reluctance of younger workers to take employment in these industries; and the unemployability due to age and physical disabilities of workers formerly employed by these concerns.

An interesting example of industrially inspired migration is afforded by the activity of a certain transfer line of the Upper Peninsula. Since January 1, 1941, the company moved 88 families to Detroit and in the course of the next 6 weeks will move approximately 25 more families to Detroit. This same transfer line has also moved 40 Houghton and Keweenaw County families to Marquette County where the economic head has obtained employment with a local iron-mining company. There is every evidence that copper-country workers are preferred when new employees are sought in the industrial plants of Detroit. This is perhaps due to two things: The home ties of these workers remain fairly strong and workers tend to return to the copper country when their jobs end, and, it is also said that Upper Peninsula workers are not so susceptible to unionization.

An important feature of the migration of workers from the Upper Peninsula is their tendency to return immediately after they are discharged. The experience of the Upper Peninsula Work Projects Administration office definitely indicates that when the employment situation in down-State industrial areas is good, families migrated to these metropolitan areas; when work is no longer available there, they return home.

DEFENSE MIGRATION IN THE CUT-OVER AREAS

The cut-over areas of northern Michigan present, in many respects, the same migratory labor problems. As in the Upper Peninsula this area is economically depressed and the factor of low wage levels and lack of jobs act as an incentive to drive workers into the industrial areas of the south. The district Work Projects Administration office, which has jurisdiction over the western part of the State, reports that while there would be no direct effect of the reduced automobile production in the northern cut-over area, the indirect effect would be heavy and serious. There are thousands of men working in automobile industries who have their homes in the cut-over area. It has been reported, for example, that 270 men from Iosco County are employed in one Detroit plant. The Michigan State Employment Service office in West Branch estimated that 450 men from Ogemaw County were now working in Bay City, Saginaw, Pontiac, Flint, and Detroit. When unemployed, these men return home. If unemployment continues, other families from the shop towns come north for cheaper living arrangements. Thus an uncompensated drop in auto-factory employment produces a heavy unemployed load in northern counties.

MIGRATION IN THE SOUTHERN INDUSTRIAL AND AGRICULTURAL AREAS

The counties in southern Michigan are economically very different from those in the cut-over area and the Upper Peninsula. As indicated in the previous discussion, migration of workers consist of their immigration into this region from the economically poor Upper Peninsula and cut-over areas of northern Lower Peninsula. Apart from this movement of workers there is an additional factor of immigration of out-of-State workers. In Washtenaw County workers are reported to be coming from Texas and Arkansas seeking work in the Ford bomber plant which will not be ready for operation before next March. Few of the migrants are being employed as yet. While this plant will employ, according to various rumors, from 20,000 to 80,000 workers, a high percentage of skills is reported to be needed. An interesting corollary to this situation has developed. By a special election the Washtenaw County Board of Supervisors has been authorized to enact a zoning ordinance to govern housing as a protection against the establishment of an unhealthy migrant "boom town" community without proper health and sanitary safeguards.

Shifts of construction workers in this area, a normally transient group, is also evident because of extensive Government construction at Army training camp and private construction of new plants for defense production. In Muskegon County immigration was very heavy during the construction of the defense housing project. Activity is now limited and many of the workers are returning to their homes. Partly because of construction activity at Fort Custer, large numbers of transient job seekers are coming into this area. Some of these workers are from Southern States, others from other parts of Michigan.

THE DETROIT AREA IN RELATION TO THE TRANSIENT JOB SEEKERS

Wayne County has been labeled and advertised as the center of the defense activity in the United States. This publicity, plus the additional incentive provided by high wage rates, has resulted in the movement of thousands of job seekers into this area. The extent of the immigration can be measured by a survey of this problem conducted by the Work Projects Administration, Research and Records Section, in June 1941. This study indicates that approximately 16,300 families, equal to 1.8 percent of the 1940 population for this area, have come to this industrial center in search of work. These workers, 96 percent white, come from the industrial cities in the East and Midwest, from the cut-over areas of northern Michigan, and from the mountain communities lying south of the Ohio River. At the time the study was made 10 percent were unemployed, only one-third occupied separate dwelling units, over one-half lived with other families, and 10 percent lived in hotels and trailers.

Apparently the Wayne County Board of Social Welfare has already felt the effect of this transient problem. The application of nonsettled workers for relief has increased. The latest figure available was for July. During that month applications of nonsettled persons totaled 418, including 215 persons who had no previous work history in Detroit.

From the information submitted from Work Projects Administration offices throughout the State some present trends of the movements of transient labor are apparent. Large movements of workers have and are at present evident. These migrations are away from the economically depressed counties of the Upper Peninsula and the northern cut-over lumbering areas. The principal reasons for these movements are the general scarcity of jobs and low wage levels prevalent in these regions. For apparently the same reasons large numbers of workers have entered Michigan industrial centers from depressed areas in other States. Curtailments in nondefense production has resulted in movements between industries in the same locality as well as from other areas. Wage differentials between industries has resulted in employment shifts to the industries offering higher wages especially among workers with specialized skills currently in demand.

WORK PROJECTS ADMINISTRATION POLICIES IN RESPECT TO NONSETTLED WORKERS

Responsibility for certifying nonsettled applicants for Work Projects Administration employment rests with local relief agencies. Since Work Projects Administration wage rates vary between counties in ratio to the relative population levels, certification is refused to workers moving to a county because of higher wage rates. This is the only Work Projects Administration restriction for the certification of nonsettled applicants and very few rejections have been made on this basis. Since lay-offs are made on the basis of a worker's relative need for employment and project requirements, there is no discrimination arising out of a worker's length of residence in the community.

In the certification policy of the relief agencies, there are some indications that certification was denied to some nonsettled applicants. This was especially true in cases where the relief authorities felt that the applicant might become a permanent relief burden in the community if he was allowed to remain. Local Work Projects Administration offices report that in most instances nonsettled workers are certified by local relief agencies.

THE ROLE OF THE WORK PROJECTS ADMINISTRATION PROGRAM IN RESPECT TO PRESENT NEEDS

In view of the present fundamental changes in Michigan's industrial and economic life, it becomes essential to examine the Work Projects Administration functions in relation to present-day needs. Under the present rapidly changing situation, it is impossible to accurately analyze the future needs for Work Projects Administration employment.

The Work Projects Administration is concerned over unemployment resulting from curtailments in employment experienced by industries throughout the State. The Work Projects Administration certifying agencies, county boards of social welfare, are expecting increases in relief loads during the late fall and winter months. While seasonal factors result in increased employable relief loads for this period, local sources interested in employment problems almost unanimously expect extensive additional dependency due to present industrial curtailments. This factor will vary between areas to the extent to which their employment levels are affected by curtailed nondefense industrial employment. Numerous factors are operating which delay the effect of the main burden of this unemployment on relief and work-relief loads. Affected industries may adopt part-time employment to retain as large a part of their force as possible. Unemployment-compensation benefits may cover a period of unemployment to a maximum of 4 months and unemployed workers will exhaust all possible resources before applying for relief or Work Projects Administration employment. The key to the entire situation rests with the probable duration of unemployment resulting from the change-over to defense-material production. Present indications point to a lengthy adjustment period with considerably reduced employment levels.

Unfortunately at the present time, because of limited appropriations, the Work Projects Administration program is operating at reduced employment levels with large number of needy workers unemployed and awaiting assignment to projects. This situation, previously discussed in relation to past Work Projects Administration employment experience, creates hardships to the eligible unemployed workers and indicates an inadequacy of the Work Projects Administration program, due to limited funds caused by overoptimistic estimates of unemployment needs. To be as effective as possible in fulfilling its various functions, the employment load should approximate as closely as possible the total number of eligible certified workers throughout the State.

Even under present restrictions Work Projects Administration has been successful in operating as a stabilizing factor throughout the various communities in Michigan. Work Projects Administration employment offers needy workers at least a temporary sense of security by providing a means of supporting their families. Without the possibility of securing Work Projects Administration employment, and at least a meager living, the conditions basic to large-scale aimless migration with its consequent problems would develop. Even under a restricted Work Projects Administration program there is some evidence that migration of certified unemployed workers occurs. The Work Projects Administration office in the Upper Peninsula reports that some discharged Work Projects Administration workers left for metropolitan areas to secure employment. Some of these men found employment but others were forced to return to the Upper Peninsula when unable to obtain jobs.

In this respect the Work Projects Administration program, in relation to changes resulting from defense activity, can perform an important function by stabilizing unemployed needy laborers in their home community until actual need for their service develops. Aimless migrations of job seekers in areas that cannot absorb them create difficult problems. That these situations are occurring at present is indicated by the Pontiac, Mich., State Employment Service. This office reported 1,200 out-of-county registrations mostly from out-of-State areas for work during August. Almost none of these registrants had skills adaptable to shop work. Few, if any, of these out-of-State applicants were placed. Orderly transfer through the existing machinery of the State employment service and Work Projects Administration program would permit satisfactory adjustments both for the workers and their employers.

CONCLUSIONS

1. While the Work Projects Administration program has employed large numbers of needy unemployed workers, financial restrictions due to limited appropriations have resulted in quotas which neglect the needs of workers certified to be in need of work but currently unemployed.

2. The Work Projects Administration program acts as a stabilizing factor in communities and prevents problems incident to aimless job seeking by unemployed workers. The effectiveness of the works program in this respect is at least

partially dependent upon the extent to which certified Work Projects Administration workers are employed.

3. It is apparent that the workers included in the current Work Projects Administration load are in an unfavorable position in relation to labor requirements because of age, color, sex, and skill. Indications are that the Work Projects Administration load is approaching a basic residual level but that this is influenced by changing employment standards.

4. Work Projects Administration participation in the national-defense vocational training program has proved successful in the developing of skills of Work Projects Administration workers able to meet present employer qualifications and has assisted many workers to fill skills demanded by industries engaged in defense production. There will undoubtedly be an increased need for a vocational training program to assist workers in developing skills required by defense industries.

5. Current change-over to defense production through accelerated priorities and material shortages have caused and will extend unemployment in the near future. Delay in the absorption of dismissed workers into industries producing defense materials is evident and to the extent that this absorption is delayed there will be increased need for an expanded public-works program.

6. Extensive labor movements are developing which have a direct relation to the activities of the Work Projects Administration. In addition to the labor adjustments between industrial areas, there is evidence that employment lay-offs will affect the unemployment problems of the Upper Peninsula and northern cut-over areas. Because of depressed economic conditions, it will not be possible to absorb discharged industrial workers returning to these areas into the local labor market.

EXHIBIT A.—WORK PROJECTS ADMINISTRATION SEPARATIONS FOR PRIVATE EMPLOYMENT

SUPPLEMENTARY REPORT BY ABNER E. LARNED, MICHIGAN STATE ADMINISTRATOR, WORK PROJECTS ADMINISTRATION, FEDERAL WORKS AGENCY

The attached table presents data for the State of Michigan, the Upper Peninsula, and Wayne County regarding the number of workers leaving Work Projects Administration for private employment, the number separated because of absence from projects, and the number that have returned to Work Projects Administration from private employment.

There are no data currently available on the number of persons separated from Work Projects Administration because of absence from projects. However, in my statement, "Table V—State total terminations from project employment by total involuntary and voluntary terminations," these factors as well as termination to private employment are included in the column headed "Voluntary terminations."

The attached table has certain limitations which minimize its accuracy as a trend of employment in Michigan. These factors are—

1. The termination to private employment include only those employed workers who are known to have obtained private employment. A comparison of these terminations to voluntary terminations shown in table V mentioned above indicates that many Work Projects Administration workers who secure private employment are not included in this count.

2. The number of workers securing private employment as shown by this table do not include workers securing private employment from the Work Projects Administration available for assignment load.

3. In this table returns from private employment include only those workers who are eligible for mandatory reinstatement on project employment because they left Work Projects Administration projects since January 1, 1941, for private employment.

4. The count of persons returning from private employment is further limited as an employment trend because of the unemployment benefits that may be due workers. Under current administrative procedure, any workers applying for return to Work Projects Administration projects must first exhaust any unemployment benefits due them before they become eligible for reemployment on Work Projects Administration projects.

SUPPLEMENTARY TABLE V-A.—*Comparison of terminations to private employment and returns to Work Projects Administration from private employment, by State total, the Upper Peninsula, and Wayne County, Michigan Work Projects Administration, January 1940 to August 1941*

	Terminations to private employment			Returns from private employment		
	State total	Wayne County	Upper Peninsula	State total	Wayne County	Upper Peninsula
1940:						
January	1,155	351	312	1,665	606	280
February	918	296	162	1,632	649	163
March	1,460	469	188	1,437	538	288
April	2,701	578	440	1,073	373	163
May	3,425	511	1,421	929	423	137
June	2,094	393	629	653	252	99
July	1,621	336	452	773	271	140
August	1,811	617	335	904	302	161
September	2,347	892	363	982	222	203
October	2,669	932	463	1,130	217	415
November	1,714	450	397	1,209	182	495
December	1,362	322	337	1,383	213	420
1941:						
January	1,464	338	339	1,418	318	348
February	1,761	505	354	870	204	154
March	2,457	627	415	535	106	135
April	4,159	732	1,057	500	108	170
May	3,935	718	1,115	377	115	89
June	2,509	489	815	392	97	85
July	1,501	342	406	284	87	61
August [1]	858	201	278	396	130	77

[1] Preliminary figures. August supplemental report not yet available. Will increase totals by an estimated 5 percent for returns from private employment and an estimated 20 percent for terminations to private employment.

TESTIMONY OF ABNER E. LARNED—Resumed

Mr. SPARKMAN. I observe, according to your statement, that W. P. A. employment rose from approximately 43,000 at the end of 1937, to a high of 200,000 during the summer of 1938. Will you give us the reason for that increase?

W. P. A. EMPLOYMENT INCREASES, 1937-38

Mr. LARNED. The reason is somewhat analogous to what we are about to face here in Michigan, only then it was Nation-wide.

There was, as you recall, a very severe recession, as it was called by some, and depression by others.

Mr. SPARKMAN. Recession by the Democrats and depression by the Republicans?

Mr. LARNED. Yes; exactly. Apparently the results were unchanged by whatever name you called it. There were a great many hundreds of thousands of people out of employment, and the relief rolls rose very rapidly, in this State particularly, with the result that it was necessary for us to ask Washington to give us increased quotas for this district, which at that time, owing to their financial condition, they were unable to do.

I regret to say that if the great unemployment that we seem to face right now should occur, there is no such reservoir easily available to us, and the money would have to come from a deficiency appropriation by Congress.

Mr. SPARKMAN. Let us go a little further into that increase between 1937 and 1938. Of course, 1937 was a year of recovery.

Mr. LARNED. Yes.

Mr. SPARKMAN. A very prosperous year.

Mr. LARNED. Yes, sir.

Mr. SPARKMAN. The best we have had, I believe, since the cataclysm of the Hoover regime?

Mr. LARNED. I think that probably would be a correct statement.

Mr. SPARKMAN. I want to confine our discussion more or less to the State of Michigan, and to this area. We realize that those conditions prevailed generally throughout the entire country—the change from 1937 to 1938—but what were the conditions here in your own State? Where had those unemployed come from?

UPSWING OF POPULATION THROUGH MIGRATION

Mr. LARNED. They were here, employed in our automobile factories. They had been assembling through the years, from various parts of the United States. It is a fact that within a 30-year period the population of Michigan rose from 2½ million to 5 million. That wasn't all accomplished by an increase in our birth rate here. Part of it came through the migration of people to Detroit.

Mr. SPARKMAN. Through the years there had been a heavy upswing of employment in the automobile industry?

Mr. LARNED. Yes.

Mr. SPARKMAN. And in 1938 you saw a decided drop in that employment?

Mr. LARNED. Yes, sir.

Mr. SPARKMAN. And you would offer that as the primary cause for the heavy unemployment in Michigan?

DETROIT HAS GREATEST EMPLOYMENT VARIATION IN COUNTRY

Mr. LARNED. Yes, sir. I would say, in that connection, I formerly was the executive director of the Michigan Unemployment Compensation Commission, and we found that the incidence of employment and unemployment was greater in this city than in any part of the United States. In other words, when times are tough we go down into the valley deeper than anybody else, apparently, and when they are good, we go to a peak a little higher than the rest of the country.

Mr. SPARKMAN. Unfortunately I was not here yesterday. Did you have the pleasure of hearing the testimony yesterday?

Mr. LARNED. No; I am sorry to say. I have only read press accounts of it.

Mr. SPARKMAN. I understand, from that same source and from discussion with others, that the testimony yesterday indicated that employment in the auto industry may be expected to be cut in two.

If that drop materializes, the situation here will be much more severe even than that in 1938, will it not?

Mr. LARNED. That is our apprehension, and it is founded upon what we believe is pretty careful thinking in the matter.

Mr. SPARKMAN. And you are already anticipating such a difficulty?

Mr. LARNED. Yes, sir. However, I can't say that W. P. A. is prepared to meet the problem at the moment.

Mr. SPARKMAN. That was the very question I was going to ask you—if W. P. A. was presently prepared to meet that situation.

W. P. A.'S PART IN UNEMPLOYMENT ABSORPTION

Mr. LARNED. During the past few weeks, ever since this drastic cut in automobile production has been discussed, and as soon as the first reduction was announced, I have continuously and rather persistently furnished Washington with all of the information according to the forecasts made by labor and the manufacturers themselves, and from any sources that we could tap, such as the statistical departments of some of the State authorities, and I think they realize pretty thoroughly what is before them.

I don't believe I am going to have very much difficulty in selling Washington officials on the need of some action on the part of W. P. A. to meet this crisis. As a matter of fact, gentlemen, it must be apparent to you all that there is no other Federal agency in existence that is prepared to make adjustment for sudden declines of industry, because we have the machinery set up, and so far we have had the money to quickly go into operation.

Furthermore, we have a very sympathetic group of sponsors, and that observation isn't confined to Democrats by any means. That group is more largely Republican in this State than Democratic, because wherever you tap a municipality which has known W. P. A. you find an enthusiastic group of sponsors who realize that we have taken heavy welfare loads off their shoulders—loads that could not have been relieved in any other way—and we have used those people in such a way as to be regarded as a permanent asset to their community.

Now, a man's politics doesn't enter into the consideration of a fact as obvious as that, and therefore there would be no difficulty, in my opinion, provided we have the funds and the authority to assume whatever part W. P. A. is accorded in this load of unemployment that may presently occur.

Mr. SPARKMAN. I am sure that we all agree with you in the statement you have made about the acceptance of the W. P. A. program, and the important part that it has played in the Nation.

PUBLICITY GIVEN TO LACK OF EMPLOYMENT OPPORTUNITIES

I believe some time ago Michigan, and Detroit particularly, started on a program of giving publicity to the fact that additional workers were not needed here. I have seen some press reports to that effect.

Mr. LARNED. Yes; I think there has been a good deal of that.

Mr. SPARKMAN. Did that stop the migration in here?

Mr. LARNED. I presume that it has to quite a degree.

Mr. SPARKMAN. Have any of the people who came in started to move out to other areas?

Mr. LARNED. Judging from the information available to me, I should say, yes. We have pretty well publicized the fact that we have a great body of labor here, and that it will be all we can do to supply it with jobs in defense industries, and that really the opportunities for people coming in here are very scanty.

I think that has been well publicized.

Mr. SPARKMAN. I wonder if you have any estimate of the extent to which the load might be lightened through the migration of these people, when and if they do become unemployed, to other areas where there are defense projects in progress.

Mr. Larned. No; I couldn't give you any information on that.

Mr. Sparkman. An answer would be purely speculative?

Mr. Larned. Yes.

Mr. Sparkman. What is your opinion as to the possibility of the W. P. A. assisting in a retraining program for these people?

WORK PROJECTS ADMINISTRATION DIVISION OF RETRAINING AND REEMPLOYMENT

Mr. Larned. It might be interesting to you gentlemen, if you are not already aware of the fact, to know the extent to which we are now engaging in retraining of W. P. A. people and those awaiting assignment. I presume you understand what I mean by "awaiting assignment." That applies to those who have been certified by the relief authorities for labor on W. P. A. and have not yet been employed by W. P. A.

Some time ago we set up in W. P. A. a division of retraining and reemployment, and it has worked very satisfactorily.

In connection with that, we have conducted training in vocational schools, these schools being afforded us through the courtesy of the various boards of education.

We use their vocational departments after hours and during the summer months, and we have had as high as 10,000 W. P. A. people in training.

Mr. Sparkman. Is that figure for the State of Michigan or the city of Detroit?

Mr. Larned. That is for the State of Michigan, but more largely in Detroit than anywhere else. Pontiac and Flint have also been good centers.

The people were selected because of some aptitude. A very careful analysis was made of the latent qualifications of some of these men on W. P. A. Many of them have had past factory experience of one type or another, so we selected those with the best aptitudes and put them in these vocational schools, and the results have been gratifying.

Many of the industrialists have observed this work with interest and have told us that as soon as these men acquire any degree of proficiency at all they will be glad to give them permanent jobs; and that has happened to about 80 percent of those we put through this period of training.

IN-PLANT TRAINING

You perhaps know of the in-plant training that we are now doing. We go to a manufacturer and arrange for our people to come into the plant and be trained, and we pay their wages while they are being trained. That is developing nicely and we are getting a very cordial response from the industrialists.

Mr. Sparkman. That program couldn't be expected to absorb a very great number of anticipated unemployed.

Mr. Larned. That is for relief clients.

Mr. Sparkman. Your figures show a sharp drop in July in W. P. A. employment, but I notice from table IV in your paper,[1] that the persons certified and awaiting assignment in July were four times as many as in June. What is the reason for that?

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[1] See p. 7394.

W. P. A. REDUCTIONS

Mr. Larned. The reason for the drop in July was the reduced appropriation by Congress. We were given $875,000,000 as compared with $1,350,000,000 the year before.

Mr. Sparkman. That was at the beginning of the new fiscal year?

Mr. Larned. Yes; last year W. P. A. employed 1,700,000 persons throughout the United States. Now, that was drastically cut to 1,000,000 in July. In this State alone we had reached in June an employment quota of 50,000. In July we were obliged to cut that 40 percent, or 20,000, which meant that we had to tap 20,000 Michigan citizens on the shoulder and say: "You haven't a job any longer."

That was one of the most harassing and distressing things I ever had any part in.

Mr. Sparkman. What happens to persons who are certified for W. P. A. employment but who are not assigned?

Mr. Larned. They are subject then to direct relief if they can get it. In some instances where the relief agencies are well cushioned with cash they are immediately put on, but generally speaking, many of the counties are not in shape to carry them with any degree of security at all. They get a mere pittance in some of the counties.

CERTIFICATION OF NONSETTLED PERSONS

Mr. Sparkman. What about your nonsettled persons who are not assigned?

Mr. Larned. We have put up no obstacle against the certification of those people.

Mr. Sparkman. I am speaking of persons who are nonsettled but are certified to the W. P. A. Can they get relief?

Mr. Larned. One year is the legal settlement time here.

Mr. Sparkman. Then if a person is certified to you for W. P. A., and has not been here a year, and you are not able to assign that person to the W. P. A., what becomes of him?

Mr. Larned. I think that is up to the welfare board of the county. I think, though, they have been exceedingly liberal in their attitude toward those people.

Mr. Sparkman. At the present time, according to your tables, you are certifying for employment about one-third more workers than you are employing in W. P. A. Is that to keep a backlog?

Mr. Larned. It is because of a limitation of funds. That is the only reason.

Mr. Sparkman. In other words, you certify all who are eligible?

Mr. Larned. We don't certify them. The welfare agencies certify them to us and we employ them if we have the projects available and the funds to pay them.

Mr. Sparkman. In other words, the public welfare certifies them and you employ as many as you can?

Mr. Larned. Yes. We don't hire our own workers. We do, of course, review the certifications, but we are generally in accord with the certifying agency.

EFFECT OF 18-MONTH TERMINATION CLAUSE

Mr. Sparkman. How successful was the 18-month termination clause that Congress adopted a couple of years ago?

Mr. Larned. In my report I have furnished some interesting figures about that.[1] Of course, the purpose of Congress was to make W. P. A. a revolving body so people wouldn't, as was feared by some, make a career of W. P. A.

Mr. Sparkman. And to encourage people in finding jobs for themselves?

Mr. Larned. Yes.

Mr. Sparkman. Exercise real effort in finding private employment?

Mr. Larned. Yes. Whenever we have dismissed people from W. P. A. employment, in the vast majority of cases they have made a sincere effort to find private jobs. But my figures, which are approximate but I think correct, show that of 28,000 so dismissed over a period of 12 months, 86 percent were recertified to W. P. A.

INCREASE IN AVERAGE AGE OF W. P. A. WORKERS

You see, a 30-day period has to elapse before they can be placed back on the rolls. Now, that is due to a variety of reasons. The constantly aging group on W. P. A. is responsible in a large measure. Three years ago 39 was pretty fair for the average W. P. A. worker in the State. Today I think the average age is closer to 49 than it is 39. Certainly in this district that is true.

That doesn't mean that those people can't do any work, as is attested by the program we have carried on with them; but they are not readily assimilated by industry. Industry is competitive in its nature. It wants the most active element of our society. It wants fellows who can step lively and produce. That is no criticism, but the practice does inflict a severe penalty upon the person who approaches the age of 40. He isn't wanted in industry, generally speaking.

Now, if the conditions get more strenuous in the defense program, those requirements will be relaxed somewhat.

HARDSHIPS INFLICTED BY 18-MONTH CLAUSE

Mr. Sparkman. Did you find much trouble with the 18-month clause in connection with persons who were in great need—hardship cases that had to wait 30 days?

Mr. Larned. Yes, sir. I don't like to make a sob story of my report here, but I want to tell you——

Mr. Sparkman. Of course we don't want you to, but I will say that down my way I found that to be the greatest hardship they have ever suffered.

Mr. Larned. It had the result of inflicting great injustices and great hardships in many instances.

Mr. Sparkman. The scheme would be more workable if it allowed for the exercise of some discretion, to take care of these hardship cases, would it not?

Mr. Larned. Yes; and I want to assure you I have sometimes stretched the limit of my own authority in trying to do that.

Mr. Sparkman. What do you mean by "involuntary separation," which you show in table 5?[2]

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[1] See pp. 7395-7396.

[2] See p. 7395.

INVOLUNTARY SEPARATION

Mr. Larned. "Involuntary separation" is one that is caused either by a reduced quota, which makes a forced separation on our part necessary, or some other provision—the closing of a project, we will say.

Mr. Sparkman. Would the 18-month clause be included in the reasons for involuntary separation?

Mr. Larned. Yes; it would.

Mr. Sparkman. In other words, involuntary separation occurs when there is any forced reduction of people on W. P. A. rolls?

Mr. Larned. Yes; something beyond their own desire or will. Voluntary separation comes when a man leaves for private employment.

Mr. Sparkman. Was that sharp increase that you show in June of this year due to the cutting down of the appropriations again?

Mr. Larned. Yes, sir.

Mr. Sparkman. Your table shows a very sharp increase of involuntary separations in June of this year.

Mr. Larned. Yes; due entirely to that, because we had plenty of projects to employ these people on. And I want to say to you that when this forced reduction was made, and we had to take 20,000 people off of our staff, that reduction affected every community in Michigan and curtailed work on projects which were considered vital to the welfare of many communities, and my office was the hot seat of protest from all over the State—not on the part of the men whom we dismissed, but on the part of the public officials who saw projects which they had thought over very carefully and deemed very necessary, in danger.

ASSIGNMENT OF QUOTAS

Mr. Sparkman. How do you decide whom to dismiss?

Mr. Larned. Perhaps if I referred you to page 5 of my statement you will understand that.[1]

Mr. Sparkman. Do you assign a quota to each county, or to each municipality?

Mr. Larned. At the State office our method is to assign quotas by districts. We have four districts in the State. The district manager is charged with the immediate responsibility of dividing those into counties and assigning quotas by counties as needed.

Mr. Sparkman. How do you decide as between a county and a municipality? Does your manager break it down that way, too?

Mr. Larned. A municipality is included in the county. It is a part of the county.

Mr. Sparkman. But when it comes to deciding the number that shall work in the municipality, and those that shall work in the county, does your area supervisor also determine that?

Mr. Larned. Yes.

PROJECT REDUCTIONS

Mr. Sparkman. Then in turn it is up to the officials of that governmental body to decide which projects to continue?

Mr. Larned. Very largely.

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[1] In this volume, p. 7399.

Mr. SPARKMAN. And which persons to keep on?

Mr. LARNED. Yes. We consult with our sponsors. If we have a forced reduction that has to be put into effect immediately, we go to our sponsors and say, "Now, we have a half dozen projects, and here they are in order. Will you give a list of priorities on these? Which do you need most? And in large measure we take their word for the projects that they think should be completed first.

That, by a natural process of elimination, makes us drop some of them, but we never drop a project in a semicompleted stage. If we have begun it, we complete that unit of the project.

Mr. SPARKMAN. Does the W. P. A., in its certification procedure, make any distinction among applicants on the basis of their residence qualifications?

Mr. LARNED. No; we do not, unless it is apparent that for some reason or other the applicants are trying to get from one county to another where the wage rate is a little higher.

As you perhaps know, we have four wage rates in Michigan. If we think that is their purpose, we halt the assignment. But that has occurred so rarely as to be almost negligible.

Mr. SPARKMAN. Could you tell us whether the proportion of Negroes on W. P. A. has remained constant during the past year?

PROPORTION OF NEGROES ON W. P. A. INCREASING

Mr. LARNED. No; it has not remained constant. It has been gradually increasing. The percentage of Negroes on W. P. A. was 17 percent, as of April 1941. The percentage was 20.4 as of August 27, and the last figure we have is 21.1.

Mr. SPARKMAN. How do you account for that?

Mr. LARNED. The Negro is suffering from discrimination. There is no question about that. He is under discrimination in private employment.

My report indicates something of that nature.

Mr. SPARKMAN. I wonder how those percentages compare with the proportion of the Negro population to the white population of Michigan.

Mr. LARNED. There again our residual load is gradually involving a larger percentage of Negroes than of white people.

Mr. SPARKMAN. Well, I am glad to have that answer, but I meant to ask what is the ratio of Negro population to the population of the State as a whole?

Mr. LARNED. You would like the percentage?

Mr. SPARKMAN. Yes.

Mr. LARNED. I have it here but whether I can turn to it quickly or not I don't know.

Mr. SPARKMAN. If it is in your report we will get it from there.[1]

How many persons who might be in need cannot qualify for W. P. A. employment because of the fact that they are aliens?

Mr. LARNED. I don't think I could answer that. I presume Mr. Selwin would have an idea on that. Mr. Selwin is in charge of our employment division in Wayne County.

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[1] See p. 7400.

TESTIMONY OF ALLAN SELWIN, DISTRICT EMPLOYMENT OFFICER FOR WORK PROJECTS ADMINISTRATION, DETROIT, MICH.

Mr. Selwin. The only figures we would have would be the number of aliens receiving relief at the present time.

I am not sure just what that figure is today, but it has varied between 900 and 3,000.

Mr. Sparkman. Is that in one county?

Mr. Selwin. That is in the city of Detroit.

Mr. Sparkman. What is your first name, Mr. Selwin?

Mr. Selwin. Allan.

Mr. Sparkman. And you are?

Mr. Selwin. I am district employment officer for the W. P. A. in the city of Detroit and Wayne County.

TESTIMONY OF ABNER E. LARNED—Resumed

Mr. Larned. I am informed that there are 2,500 aliens on relief in Detroit at the present time. And at this time there are approximately 300,000 aliens in Michigan. One of the interesting parts of our program is our Americanization effort to make citizens of those aliens. We have carried on that effort for a number of years, with very great success, but as you see, that is a considerable number, and even in a highly intelligent State like Michigan, we have 71,000 illiterates—a fact which we are not stating with any particular pride. Those two groups form probably the most fertile soil for subversive propaganda that could exist in our country. That is why we are intensifying our Americanization drive at this time, in an endeavor to teach these people something about the country they live in and the reason why they should be loyal to it.

Mr. Sparkman. Do you have an opinion as to whether Congress should relax the restrictions that it has imposed on alien employment?

Mr. Larned. My own impression is that it should do so, because many of these aliens are here performing excellent work for the country and were admitted with due process of law and are in the process of getting their citizenship papers.

Mr. Sparkman. Many of them have their first papers?

Mr. Larned. Yes. And I think that would be the time to treat them with the greatest leniency and make American citizens of them.

Surely we don't want any influences at work that will make them a part of a "fifth column," and we have either got to have them with us or against us. I feel that they want to be of us, not against us.

Mr. Osmers. Mr. Larned, would you make a distinction between the alien who has signified his intention to become a citizen and the alien who has not?

Mr. Larned. Well, I think that would need a little examination. So often ignorance is at the bottom of their failure to take any steps in that direction. That is why we can be very helpful to them. They are timid about approaching the Federal agencies, to begin with. They don't know how to make their first approach, and in our classes we are able to draw them together. The classes are not held in Federal buildings, or in any public building where they are likely to feel that there is a policing of their activities. Sometimes it is difficult to get them to go, but through contact with members of their own race, we bring them the thought that we are there to help them. When they once understand that, they are very eager to come to the classes.

NO DIFFICULTY IN SECURING SPONSORS

Mr. OSMERS. Do you have any difficulty in the State of Michigan in securing sponsors for projects?

Mr. LARNED. I should say none whatever. Our difficulty is in satisfying sponsors that we are not always able to do what they want us to do. Of course there are certain areas where their financial means are very restricted, where it is difficult for them to sponsor projects.

Perhaps one of the most striking illustrations would be in Houghton County.

Mr. OSMERS. In what part of the State is Houghton County?

Mr. LARNED. That is in the Upper Peninsula of Michigan, in the heart of the "old copper country," as we call it.

DROP IN ASSESSMENTS IN HOUGHTON COUNTY

Some years ago, not much more than 10 years ago, Houghton County had an assessed valuation of $180,000,000. It crowded Wayne County very closely in its assessed valuation. Today the assessed valuation of Houghton County is less than $18,000,000. Well, you can see that such a tremendous drop as that makes direct relief extremely difficult, and it is extremely difficult for those people to sponsor W. P. A. projects with a 25 percent sponsor contribution.

Mr. OSMERS. Is that 25 percent mandatory all over the State?

Mr. LARNED. Our average must be 25 percent, and I am allowed the liberty at times of going below that, but if I do, then I have got to sell somebody else a coat and vest at a higher price in order to bring the average up, and that isn't a very satisfactory way of doing business.

The CHAIRMAN. Thank you very much, Mr. Larned. You have filed with us a very valuable statement, and we appreciate your coming here. I think it is a very fine report.

W. P. A. AS DETERRENT OF MIGRATION

Mr. LARNED. Mr. Chairman, I thank you for the courtesy of my reception. There is just one thing that I would like to say before I leave. I presume this thought has occurred to you, but I would like to emphasize it: It seems to me that W. P. A., by reason of its widespread employment, has been able to afford to these communities as outstanding a deterrent to migration as exists in this country.

Ask yourself the question: "Why do people migrate?" The answer is, "To get something to do that they can't find available in their home community." Now, W. P. A. has helped to prevent that migration in the State of Michigan, in all its 83 counties. We have done something about it and have given the residents of those counties a way of averting the necessity to pack up their belongings and go on a fruitless search for a job, wasting their own substance and giving us something of the picture we had back in the 1930's, when our highways were thronged with them.

Mr. Osmers. Do you feel that the very factor that you have pointed out has had the effect of freezing populations in certain places, populations that might be used to better advantage to themselves and to the country in other places?

Mr. Larned. I presume in some instances that is true, Mr. Osmers. However, I think it is rarely so because the wages that W. P. A. pays certainly are not very inviting. They represent just a mere subsistence.

Furthermore, the people are anxious to get off W. P. A. at the first opportunity that offers private employment. They embrace very readily any opportunity to get private employment, and they do that because of the provision of the law that gives them some security in doing it. If they leave W. P. A. employment for private employment and then are severed from that private employment through no fault of their own, they can immediately be taken back on W. P. A. That makes them perhaps bolder than they would be otherwise about leaving W. P. A.

I haven't found any tangible evidence of people on W. P. A. wanting to make a career of $44 a month.

The Chairman. Mr. Larned, you speak about migration. This committee has been all over the United States, studying the mass migration of destitute citizens. You have just indicated one of the causes for that migration, but there are other causes too—tractors, ill health, worn-out soil. Therefore, there is no single solution. One solution you have indicated is to make their home conditions satisfactory.

Mr. Larned. May I add a thought to that? Isn't migration the natural impulse of the human family? Our ancestors in Europe migrated all over that country and even emigrated across the sea. They covered our country in wagons. And it seems to me that migration is not an unmixed evil, by any means. It is the natural ambition of man to better himself. If he can't do it in his own community, he will go somewhere else to do it.

The Chairman. You are practically quoting from our report, which has already been filed with Congress.

Mr. Curtis. Perhaps he has read it, Mr. Chairman.

Mr. Larned. And I might say that that part I have read is very interesting. Thank you, gentlemen.

The Chairman. Our next witness is Mr. Weiner.

TESTIMONY OF JOSEPH L. WEINER, REPRESENTING THE CIVILIAN SUPPLY DIVISION, OFFICE OF PRODUCTION MANAGEMENT, WASHINGTON, D. C.

The Chairman. This is Mr. Joseph L. Weiner, representing the O. P. M., Civilian Supply Division. For the purposes of the record, I will read a telegram from Mr. Leon Henderson, of that office:

> Had made all plans to be in Detroit tomorrow and hoped until very last minute to come myself. However, House Banking and Currency Committee is keeping me here on price bill. Since impossible for me to come am sending personal representative, Joe Weiner, who will present brief and I am sure do noble job.[1] Please express my regrets because had fully expected to be able to appear.

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[1] The paper to which reference is made appears on p. 7453.

That is signed, "Leon Henderson, Office of Price Administration."

Mr. Weiner, Congressman Osmers will interrogate you.

Mr. Osmers. Mr. Weiner, I think I ought to open the questioning by saying that every witness who has come before the committee in the State of Michigan has had something to say about your office, and I think, in the interest of accuracy, I should tell you the comment hasn't been very complimentary in most cases.

Mr. Weiner. I hope it wasn't unanimously uncomplimentary.

Mr. Osmers. Well, I think it would come pretty close to being that.

Mr. Weiner. I am very sorry.

Mr. Osmers. I think the committee realizes, and probably the country too, that the job you are doing in Washington would naturally cause a great deal of criticism.

The Michigan problem is, I would say, more acute with respect to the operations of your office than in any other State in the Union that we have visited, because so much of the industry here is the manufacture of passenger cars, and because of the curtailment of that manufacture.

Now, you will recall that Mr. Henderson was before this committee in Washington last July.[1]

Mr. Weiner. Yes; very well.

Mr. Osmers. And since that time we have been informed that there has been a reorganization in your office.

Mr. Weiner. That is correct.

REORGANIZATION IN OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY

Mr. Osmers. Now, I wonder if you would just describe briefly to the committee the nature of that reorganization?

Mr. Weiner. As the office existed at the time Mr. Henderson appeared before your committee, it was a price administration office and a civilian supply office, all in one unit, which was a separate and distinct organization from the Office of Production Management.

Under the reorganization, the civilian supply part of the office was transferred into O. P. M. as a new division of that body, so that the independent office today is a price office exclusively. The civilian supply work is now being carried on through the new division of civilian supply of O. P. M., of which Mr. Henderson is director, in addition to his job as Administrator of the price office.

Now, apart from that, and in addition to it, there was created this over-all policy board.

Mr. Osmers. What is the name of that board?

Mr. Weiner. That is Supply, Priorities, and Allocations Board, popularly referred to as S. P. A. B. It is not directly related to the change in the office, but is a new creation designed to bring together into one body, a purely policy-making body, the representatives of the principal interests that have to be considered in connection with the supply and allocation problem.

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[1] See Washington hearings, July 17, 1941, pt. 16, pp. 6620-6666.

If you care to have the membership of that body elaborated on, I will be happy to do so.

Mr. Osmers. The names would not be particularly important, but the various functions of the members would be helpful.

FUNCTIONS OF MEMBERS OF SUPPLY, PRIORITIES, AND ALLOCATIONS BOARD

Mr. Weiner. The set-up, briefly, is this: As chairman of that Board, the President designated Vice President Wallace, and of particular significance in this connection is the fact that Mr. Wallace had previously been designated Chairman of the Economic Defense Board, so that that whole problem is represented on that Board directly through Mr. Wallace.

Mr. Hopkins was named to the Board primarily, of course, because of his active connection with lend-lease problems.

The Secretary of War and the Secretary of the Navy need no accounting for.

Mr. Knudsen and Mr. Hillman are included, in their capacity as director general and associate director general of O. P. M., respectively, and particularly because of the problems that they have been dealing with and for which they have been the public representatives for so long.

And finally, there is Mr. Henderson, whose problem has been primarily the civilian supply and price problem, from the days of the National Defense Commission.

MAJOR CRITICISMS OF SUPPLY, PRIORITIES, AND ALLOCATIONS BOARD

Mr. Osmers. In general, I think it would be fair to say that the major criticisms that have been directed against the Board have been these—and the other members of the committee may care to add to the four that I have listed here:

First, and apparently the most serious charge that has been leveled at your office, has been the fact that there has not been an adequate inventory made of the materials available in the United States, of the machines available, and of the labor available for both our civilian needs and our war needs.

The second charge that has been made here has been that the Government—this may not be your department—has failed to crowd our industries sufficiently to speed up and to get business out to small contractors—subcontractors and suppliers—and this failure has had the effect of lengthening the transition period and of lengthening the period of unemployment between nondefense and defense.

The third charge is that there are remaining in the country, and in the State of Michigan particularly, many unused facilities that the Government should use. That ties in a little with the second one.

The fourth major charge has been that organized labor has not had a sufficient voice in determining the policies of the Government with respect to defense. In other words, they feel that while the Board may be set up in such a way that they are represented on paper, in operation they have not been adequately represented.

Now, we might just keep those four items in mind as we go along. When we were in Washington, we were primarily concerned with community facilities in defense areas, and rent control and other like matters.

Now, we have come to Detroit because the problem of labor dislocation here as a result of the defense program is probably more serious than in any other State in the Union. At least it is more evident. It may not be ultimately more serious.

Now, do you take the dislocation of employment into consideration in your decisions as to allocations?

REPLY TO CRITICISMS OF SUPPLY, PRIORITIES, AND ALLOCATIONS BOARD

Mr. Weiner. The answer is "Yes," but of necessity it is only one of the factors that must be taken into consideration.

Let me, if I may, take the first point you put, as to the lack of an adequate inventory.

I think it is a good deal like the lack of adequate fire-fighting equipment. If the fire is there, you have to use what you have.

In the case of these material shortages, I think we would be the last to say that we had information of the kind and of the qualities that we want to have and ought to have, and I hope in time will have; but at the same time, we have had information which definitely indicated a very serious and pressing situation, and the practical problem was, Shall we postpone doing anything because the information isn't of sufficiently high grade, or shall we take some action which seems indicated by that information, regardless of the lack of refinement?

OBSTACLES TO AN INVENTORY

Mr. Osmers. Mr. Weiner, is there any factor, speaking in an administrative or legal sense, to prevent your office from making a complete inventory of the facilities of the United States by questionnaire or by whatever method might be determined?

Mr. Weiner. If you speak in terms of legal power, I think that legal power has probably been conferred comparatively recently. It didn't exist until the Vinson bill was passed by Congress.

But I don't believe that is a complete answer, because I have no reason to believe that the industries of this country would be unwilling to reply to any request for information that was addressed to them. And in fact, even before that power was conferred, a vast amount of information was requested and obtained, often at considerable burden to the people from whom it was requested. But I think I ought to mention the magnitude of that task.

At the present time we find that when we get this kind of information in any volume, first it takes persons of special training, of whom we haven't too many, to set it up in such form that it can be used. Then we find that probably the only body which can actually run through this kind of information and put it together in a usable form is the Census Bureau. They are the only body that has ever been faced with a job of dealing with information of anything like this volume.

CENSUS OF MANUFACTURES

Mr. Osmers. The Government has gathered for a number of years information that I believe is known as a Census of Manufactures.

Mr. Weiner. That is correct.

Mr. Osmers. As a matter of fact, when I was active in business myself I filled out the questionnaires on numerous occasions.

It seems to me that from those reports they would have a tremendous amount of information that would be helpful. I know that when I used to fill them out, they had a pretty complete picture of what we were doing and how we did it.

Mr. Weiner. We knew, but it may interest the committee to know, that in order to use the 1940 figures at the present time, we have to get them run off especially for special problems, because enough time hasn't elapsed since that information was obtained, with the size of the staff of the Bureau, to actually collate them today.

Mr. Osmers. Would you say there is indicated thereby a need for larger staffs, more adequate facilities for the receiving and developing of information?

Mr. Weiner. At the present time I think that is a definite need.

Mr. Osmers. Is any action being taken to provide it?

Mr. Weiner. Yes, sir; we have gone a long way in that respect. We have made arrangements with the Census Bureau to service the defense agencies with respect to mass tabulation problems.

SUPPLY PRIORITIES AND ALLOCATIONS BOARD NOW ENGAGED IN SURVEY

As you may have noticed, when the new Board—S. P. A. B. that I referred to earlier—was created, one of its first announcements was that it intended to get a complete bill of materials from every aspect of the economy, for every objective—direct defense, lend-lease, export, civilian supply—so that a complete picture could be presented simultaneously.

Mr. Osmers. They are now engaged in that work?

Mr. Weiner. That work is now under way.

Mr. Osmers. Has any approximate date been set, by which they will have some useful figures available?

Mr. Weiner. No; because I doubt if anyone would be rash enough at this time to want to predict such a thing.

Mr. Osmers. It will probably be a matter of months, will it not?

Mr. Weiner. In order to get a reasonably comprehensive picture, it will be a matter of months. That doesn't mean that we haven't some fairly reasonable hunches, but they are not by any means a substitute for the kind of information we ought to have.

LABOR DISLOCATION PROBLEM

I should like to go back to your question, from which I have digressed too long—the labor dislocation problem.

That problem arises in the calculation of these programs in several ways.

Having the knowledge that there is a material shortage—and that we definitely do have, of course, before any action is undertaken—the question then arises as to who is going to do without.

Now, the doing without, as against the particular person who does without, is not of our making. That is the condition that we find, on the basis of which action is called for.

In canvassing the various possibilities, as to where a cure of the material shortage may be applied, one of the salient problems is that of dislocation, so that comes in as a very real factor at that point. For example, in the automobile industry, the vital considerations were first, the size of the dislocation itself, and second, whether by conversion or whatever means there might be, there was reason to believe that the dislocation could be overcome. It makes a lot of difference whether it is something which is apparently going to be permanent, or something which can be reasonably regarded as transitory.

Another consideration which is directly tied in with the problem of labor displacement is the question as to whether some distinction should be drawn between plants of different sizes.

A uniform, blanket rule, taking in large and small alike, is almost certain to have uneven consequences, from a labor standpoint. You have a minimum amount at which a plant can keep going. You have, by and large—and I think this is a pretty safe statement—a far greater ability on the part of the larger plant to convert. It has greater financial, managerial, and engineering resources. It can do things which the small plant often can't do. So again, the problem of labor dislocation plays a part. But fundamentally, of course, there would be no curtailment in production at all if there weren't the material shortage to begin with.

Mr. Osmers. The disturbances that have gone further toward upsetting civilian morale and causing suspicion of the whole program are things like the reported or actual gasoline shortage in the northeastern part of the country.

I happen to live there. The Secretary of the Interior has his views, and the committee of the Senate apparently holds a contrary view. But the average citizen in Michigan is, I presume, in the same position as the average citizen in New Jersey or New York. The people don't know which one is telling the truth. They are both telling the truth, as they see it, of course, but it is a pretty difficult situation when two responsible sources in government make absolutely contrary statements. It doesn't help the defense program at all.

They have adopted a policy in the northeast that seems extremely silly to me. They close the gasoline stations from 7 o'clock at night until 7 o'clock in the morning. I don't think they are curtailing consumption of gasoline a bit. Then you pick up your paper, and you find out there is no gasoline shortage; and right here, at these hearings, responsible men in the automobile industry have charged the Army and the Navy and certain others involved in the defense program with hoarding materials.

We discussed this matter of hoarding before the hearing started. The Army and Navy officials have been charged with ordering huge quantities of strategic materials that they won't use for years. They have been charged with ordering materials to be put into a battleship that will not be completed until 1944.

Mr. Weiner. Well, I am sure I can't answer that.

Mr. Osmers. There is no Yes-or-No answer.

Mr. Weiner. I don't believe there is. I am quite sure there have been some of those abuses. I doubt very much if they are as serious or as widespread as some people have charged.

ARTIFICIAL SHORTAGES

I might also add, because I think it is relevant, that the fact that hoarding has taken place doesn't change the fact of the shortage. But the material that is hoarded is not available for actual use, and as you know, the Government lacks the power to take it away from the hoarder.

Mr. OSMERS. It creates an artificial shortage.

Mr. WEINER. I agree with you entirely. We could carry on production which the withdrawing of that material makes impossible. It is an artificial shortage in that sense, but it is a real shortage from the standpoint of the manufacturer who hasn't got the material to run through his shop. But the phenomenon that you are dealing with there is a common one, and it is due to a number of factors, some of which are not easily condemned out of hand.

Take the situation of the Army and Navy. They were faced suddenly with the job of getting production of military goods on a scale never before equaled in the history of this country.

The job of planning that production, supervising it, seeing that it proceeds on schedule, revising specifications in the light of new military information, is enormous, and the problems that have to be dealt with simultaneously are difficult to imagine.

Mr. OSMERS. Again getting back to the average citizen's viewpoint, we realize, all of us, the human side of it, which is important; we realize that if you were a manufacturer and took an order to deliver a certain number of finished articles in a year, your first tendency in the light of circumstances now prevailing would be to go out and buy all the material that you could and put it in the back yard and use it as you come to it. But the Army and the Navy are instruments of the Government, and I don't think they are to be regarded in the same light as a private manufacturer. I don't think that agencies of the very Government that is seeking this vast production should participate in creating the artificial shortage.

Mr. WEINER. I am sure everyone, including officers in the Army and Navy, will agree with that.

BAD PLANNING AS CAUSE OF MATERIAL SHORTAGES

I wasn't intending to condone any abuses, but what I did have in mind was the realization that in the actual scheduling of these things, there may well have been a certain amount of poor judgment, which wasn't a deliberate desire to get material before it was needed, but which results from the impossibility of planning with any degree of perfection in the face of the unprecedented burden that was suddenly cast upon the military forces or the producers working for them.

It is mighty difficult to schedule the arrival of materials in such a way as to insure the greatest economy in our inventory and keep waste down to a minimum.

A great deal of work has been devoted to that purpose and to a very real degree I think everyone is confident that there will be improvement. I might say too that I for one feel a little hesitant about pointing the finger at the military forces on behalf of the civilian population, since it is a matter of common knowledge that the civilian industries also went out and tried to lay their hands on whatever material was available. I have no doubt that to some extent the race between military and civilian procurement of materials contributed to this confusion and to the damage that was caused by premature buying.

BLACK MARKET IN STRATEGIC MATERIALS

Mr. OSMERS. Is there in this country any extensive "black market"—that is, speculative trading—in strategic materials?

Mr. WEINER. I doubt if it is widespread. We have located specific instances of it in chemicals, and some in scrap metal. I have heard of it in copper, and as you may know, recently a number of these cases were referred to the Attorney General by Mr. Henderson, with a view to prosecution and prevention in the future.

Mr. OSMERS. Metals are in the forefront of those shortage materials. What would your estimate be of the present supplies available in steel and copper for civilian use? You might want to give it in percentage of normal civilian consumption.

AVAILABLE STEEL SUPPLY

Mr. WEINER. The best figures we can get at the present time are those of the Iron and Steel Institute. At the current rate of orders and available supplies, approximately 70 percent of the steel that was available to civilian use last year is available for the same use at the present time. That is on the basis of an analysis of the August figures.

AVAILABLE COPPER SUPPLY

In copper, so far as any comparison can be drawn, it is under 50 percent. I am not sure whether the copper figures have been calculated with as great detail and break-down as the steel figures.

Mr. OSMERS. The automobile industry is the largest civilian consumer of steel in the country, is it not?

Mr. WEINER. Yes.

Mr. OSMERS. If the available supply of steel for civilian use is 70 percent of the normal, would not a 50-percent reduction in the manufacture of automobiles indicate that we were curtailing the manufacture of automobiles too greatly?

Mr. WEINER. But you will find that the rate of curtailment of automobile production this year, as compared to the whole year 1940, is less than 30 percent. Actual production of automobiles during these last few months has, I believe, exceeded the production for the corresponding months of the previous year.

Mr. OSMERS. I am not sure that I have that clear in my mind. Now, 70 percent of the steel production available for civilian use in 1940 is available for civilian use in 1941.

Mr. WEINER. Yes. The amount available is 70 percent of the amount that was available a year ago. Comparing the production of automobiles a year ago with the production of automobiles today—that is, at this time of year—you would have a steeper cut than actually has taken place.

FACTORS GOVERNING CURTAILMENT

Mr. OSMERS. Were the shortages in steel and other essential materials the only consideration that entered into the decision to curtail automobile production?

Mr. WEINER. They were the determining causes. Let me put it this way:

The fact that there was a shortage, I believe no one can deny. Various sources seriously disagree as to the extent of it, but as to the fact, I think we are all agreed. That meant that some industries simply had to do without; so that the problem was to go on from there and to consider what the situation was with respect to those industries that might have to do without.

Plainly, in the case of the need, recognized by Congress through increased appropriations, for a greater production of military goods, there was no possibility of making up the shortage of steel by curtailment in the production of military goods. That would have been flying directly in the face of the national mandate, and, of course, was never considered.

Next to military requirements, you have to consider those civilian requirements which absolutely are not postponable. Transportation has to go on, or your whole scheme bogs down and you get no civilian or military production. You have to maintain public utilities, and other essential services may require at this time not only what they required before, but increased amounts, because of the increased demands made upon them.

That leaves a relatively small field where the material shortages have to be made up. Construction and the consumers' durable goods industries are the two largest users of metals which will have to use less than they have been using. And that is what is taking place.

The part that we contribute in making this curtailment effective is relatively small. We can see that it is done on an orderly basis, rather than to determine who does without the metal in a competitive scramble.

Mr. OSMERS. Has your office, Mr. Weiner, made any study of what other countries are doing? To what extent have they converted their auto facilities to defense needs? For example, England, or Germany?

FOREIGN AUTOMOBILE CURTAILMENT

Mr. WEINER. In July 1940 the production of civilian automobiles ceased in England. It ceased in Germany, if I recall correctly, prior to that time. In calling for a curtailment in this country, we do not imply that civilian automobile production is not an important factor in maintaining our standards of living; we are merely asking ourselves, What is there that we can postpone for a little time, better than something else?

FREIGHT-CAR SHORTAGES

Take for example our situation with respect to freight cars. As you know, we are faced with a very serious question as to whether we are going to have enough freight cars and locomotives this fall. We hope we will get by, but the situation is pretty risky.

Then too, every time there is a diversion of an intercoastal boat, for example, it means there is more material to be carried by rail or by truck.

Those freight cars, needed in October, don't perform the same service if they are available a year or two from now. On the other hand, with respect to automobiles, by reason of the very large production that took place in the 1941 model year, we have a very substantial stock pile of available cars. It isn't as if we had a large vacuum to be filled in for that kind of transportation. Actually we have some 27,000,000 cars available, and that is a very high figure, even in proportion to our population.

So that, measured as against other things, we can temporarily do without the new automobile—make the old car do a little longer.

The CHAIRMAN. Mr. Weiner, we will allow a 3-minute recess for the reporter.

(Whereupon, a short recess was taken.)

The CHAIRMAN. The committee will please come to order.

TWO VIEWPOINTS

Mr. OSMERS. I am going to resume, Mr. Weiner, by reading a quotation from the paper submitted by Mr. Thomas, head of the United Automobile Workers:

> Had steps been undertaken back in November of 1940 to call upon the productive power of the auto industry for national-defense purposes, we would not now be facing a tragic crisis of unemployment and retarded production. Had industry and Government been willing to undertake this essential task, defense jobs developed in the industry would now be more than sufficient to absorb the full complement of automobile workers displaced by curtailment of regular automobile production.

And I would also like to give you the other side of it, as presented to us in the testimony of the automobile manufacturers that same afternoon.

They submitted some evidence that was rather compelling to show that from the very beginning they have been ready and willing to do anything they could for the national-defense program.

Now, that is the Michigan viewpoint, and it seems to lay the responsibility at Washington's doorstep pretty directly.

Mr. WEINER. If I understand you correctly, you are presenting two viewpoints rather than one.

Mr. OSMERS. I think the automobile workers, when they first answered our questions yesterday, tried to be a little bit rough on management. They said it was management's fault for not starting to make guns and tanks right away, the minute we got involved in this emergency. But upon further questioning, it developed that the management had to have Government orders first.

Mr. WEINER. I might extend your remarks, if I may, by saying that management tried to be a little bit rough on Government, and I would try to avoid being rough on either.

I wasn't connected with the defense effort at the period to which Mr. Thomas refers. As a general observer, I am sure I would want to say that we could have done better. But I know of no yardstick that would show how much better the job might have been done. I am not sufficiently close to that situation, as it existed last November, to be able to offer any comment as to what the attitude of people was.

Mr. OSMERS. Let us narrow it down. From your experience with the defense effort, have you found any unwillingness on the part of the automobile industry to cooperate?

HAS FOUND NO UNWILLINGNESS TO COOPERATE WITH GOVERNMENT

Mr. WEINER. I would say, from my experience with the defense effort, which dates from last May, I have found no unwillingness to cooperate with the Government, either on the part of the automobile industry or on the part of automobile labor.

Mr. OSMERS. So there might be some truth, then, in the charge that the Government did not take as quick advantage of the automobile facilities as it might have taken?

Mr. WEINER. There might be, or it might be that the extent to which such facilities were available may have been misjudged, perhaps on both sides.

For example, one important representative of management in the motor industry made an estimate of the extent to which his tools could be converted for defense production, and after reconsideration with a Government representative, he was prepared to admit that he had put the figure much too low. So there are two sides to that story, and probably three sides, when you have industrial representatives who, knowing their own shops better than anyone else, state their capacity for defense performance incorrectly.

Certainly most of us in Washington are extremely reluctant to present managements with contracts which they may not have the ability to fulfill.

I am sure there has been a good deal of misjudgment, not necessarily willful, on both sides.

Mr. OSMERS. Do you feel that there was an element of pressure in the automobile curtailment—I mean pressure to get the manufacturers to convert more quickly to defense uses?

Mr. WEINER. I am sure that it has had that effect. It wasn't done just for that purpose. It was done because of the material shortage, as I stated; but that was definitely recognized, and I think it is safe to say that American business still retains its ingenuity, and the time when it performs best is when it has to exert itself. I am sure that is what the automobile industry will do.

Mr. OSMERS. Do you believe that the curtailment program will lead to conversion of auto-manufacturing facilities on a scale sufficient to absorb nearly all the displaced workers? My question, Mr. Weiner, is not whether you personally believe it, but does your department believe it?

HIGH DEGREE OF REABSORPTION THROUGH DEFENSE BUSINESS

Mr. WEINER. Prophecy is difficult. The estimates and forecasts we have at hand are primarily from the Labor Division of O. P. M., which has, of course, been concerning itself with this problem of labor displacement.

The estimates that they made showed a very high degree of reabsorption through defense business. If that can be accelerated, I think there is good reason to hope that your question can be answered in the affirmative.

Mr. OSMERS. Another subject that has come before the committee here and one that has generally brought out criticism of the Government, has been the so-called spreading out of industry and the building of factories in places or parts of the country that we do not normally consider as manufacturing territory.

I think Wichita, Kans., was mentioned, and we might use that as an example of a community which is not generally associated with manufacturing, but which has now become an important manufacturing center.

This committee is directly concerned with the migration of workers that may result from the location of factories in such localities. Has your division taken into consideration the possibility that the opening of manufacturing facilities in such places as Wichita, Kans., and the displacement of workers in Michigan, may lead to a migration of workers, mechanical workers, from Michigan to Kansas?

LOCATION OF DEFENSE PLANTS

Mr. WEINER. Our division has little direct contact with the problem of location of new defense plants.

The building of new defense plants in many cases was essential, particularly in shell-loading plants, or, even more important, in the production of chemical materials.

Mr. OSMERS. Powder?

Mr. WEINER. Powder necessary for explosives. It is the kind of thing that we have almost no need for in normal times, but at times like this the need for them is almost limitless.

When it comes to the, say, metal fabricating plants, certainly the building of new plants in localities where they have never existed before raises this migration problem.

I was looking the other day at a map which showed the outlines of the area recommended by the experts for the location of defense plants. They were trying to keep those plants inland—that is, away from the borders and points of vulnerability. On the same map, there were pins stuck in to show the actual location of the defense plants, and there was only a bare handful within that area; the rest were all outside, mainly on the seacosts, on both sides, some down on the southern seacoast, the Gulf coast, and a good many right here in Michigan.

Mr. OSMERS. It has been disturbing to this committee, as we go around the country, to observe the results of the Government's policy of placing a plant in a small community—an operation entirely out of proportion with the community's labor supply, or the necessary sanitary and educational facilities—and it has meant a great deal of human hardship in some instances.

That is one of the reasons why the people in States like Michigan, which has these facilities, both manufacturing and community, believe it would be a wiser policy for the Government to place this work through the normal industrial channels of the country.

Now, we know there is a tremendous amount of concentration of contracts going on, as the map which you described indicates, but there are some very notable exceptions.

Mr. WEINER. I am sure there must be.

Mr. OSMERS. The Government has gone into communities of one or two thousand people and put in operations that will employ ten thousand people; but I realize the location of those plants is beyond the scope of your division.

EFFECT OF ADDITIONAL APPROPRIATIONS

Now, we come to another aspect of the defense effort that is very important—the future. The President has requested that Congress consider a further appropriation under the lend-lease program, of some $6,000,000,000. I haven't any doubt in my mind, and I don't believe you have in yours, that Congress will appropriate a sum of money substantially in accord with the President's request.

Now, what does that do to the work of your department? Do you stand pat, or do you have to go again to the automobile manufacturers and ask for a further curtailment, or have you anticipated such a new appropriation? How will it work out?

Mr. WEINER. I can give only a partial answer to that. In August of this year the Government paid out a little over $1,000,000,000 for defense purposes. Taking the national income this year at approximately $87,000,000,000—and the best estimates indicate that it will exceed that—we find a relatively small proportion of our national income going out for direct defense purposes.

What is even more important, it is small as compared to what the people we are trying to lick are spending in the way of their defense purposes. To make the effort really worthwhile, we have got to step up the defense expenditures of this country to about 2½ billion dollars a month.

Mr. OSMERS. About $30,000,000,000 a year?

Mr. WEINER. About $30,000,000,000 a year; yes. And that is rather on the low side.

ONE-THIRD OF NATIONAL INCOME FOR DEFENSE PURPOSES

Mr. OSMERS. That would mean, if our income continued about the same, approximately one-third of our national income for defense purposes?

Mr. WEINER. One-third or a little lower, because this expenditure itself contributes toward the enlargement of the national income.

That certainly is not high as compared to England, and it certainly is not high as compared to Germany, or even as compared to Canada, which is exceeding 40 percent today, I believe.

MATERIAL CONSERVATION

Now, that means more and more tanks, airplanes, and guns, of which in ordinary times we produce little or none at all. To strike the balance between that and the production of civilian goods means that every effort will have to be made to conserve materials. We hope a substantial amount of these scarce materials can be saved through conservation. A tremendous effort will have to be made to iron out unbalanced inventories, to compel the use of any material that may have been hoarded before new material is obtained for the same purpose; to compel better scheduling and also in all the important instances, to increase the quantities of material available.

Mr. Henderson, from his early days on the Defense Commission, has been an exponent of the proposition that defense expenditure was going to call for a vastly increased amount of raw materials, and we ought to start providing them. To some extent we have provided increased amounts, but not nearly as fast as the rate at which the demand for these materials has mounted, so that the real question—and I don't know the answer—is whether, having made a schedule to adjust the material situation to civilian production as it exists today, we can, by devoting ourselves to conservation, simplification, expansion of raw material facilities, straightening out of inventories, and better scheduling, make up for the growing amounts which the defense program will require. That is, we hope to be able to maintain civilian production at about the level that would be established under this series of programs that we are working on now, but that can be done only if we can by these other means save enough additional material to meet the growing demand for military goods.

Mr. Osmers. That is a very laudable purpose, I am sure, and no one would argue with you about it.

Now, from a practical standpoint, what is the Government doing to make it a fact rather than a purpose?

Mr. Weiner. Well, let us take the conservation side first. I think that in the past few months, not only the Government, but a large part of the country, has become conservation-conscious. Take the automobile industry itself. The extent to which they have reduced the requirements of aluminum, say, per unit of output, would have been regarded as phenomenal a short time ago. The same thing is true as to copper. They cut it down to about 40 or 44 pounds per car, which is low, especially when you consider the elimination of aluminum at the same time.

That is going on more and more as pressure is being exerted. We no longer have copper gutters, but we still build houses with satisfactory gutters. I think in conservation of the highly critical materials, real accomplishment will be evident as time goes on.

MATERIAL EXPANSION

On the expansion side, we haven't done as much as some of us would like to see done. But we haven't been oblivious to it. As I recall it, in this country we used up in 1939 and 1940 an average of somewhere between 850,000 and 900,000 tons of copper a year. Now we actually expect to use—which means we must have available here for use—somewhere around 1,600,000 tons of copper a year. We have got the increased supply partly from our own production and partly from a program of importation from Chile on a much larger scale.

We have programs under examination now by the iron and steel section of O. P. M., which is headed up by Mr. Arthur Whiteside, for expansion of steel capacity by 10,000,000 tons, with an 87,000,000-ton capacity forecast for the end of this year. Of course 10,000,000 tons would make a very substantial difference, particularly on the civilian side.

Mr. Osmers. That brings me right back again, Mr. Weiner, to that question of the effect of these new defense appropriations on automobile curtailment.

Let us assume that we are spending or will presently spend for national defense, $30,000,000,000 out of $90,000,000,000. Now, will that mean a further sharp curtailment in automobile production?

Mr. WEINER. I couldn't answer that. It might. We hope it won't.

Mr. OSMERS. I think we are going to end this fiscal year, if we go along as we are, with an expenditure for defense of about $20,000,000,000 will we not?

Mr. WEINER. $18,000,000,000 is the figure that is generally used.

Mr. OSMERS. Now if we increase that by 66 percent and spend $30,000,000,000 in the following fiscal year, it seems to me that a further curtailment will appear likely.

Mr. WEINER. It might well be the case. If we have that rate of expansion of military goods, then something will have to give somewhere. It is difficult to parallel these things, and this is what makes the business of forecasting so hazardous. For example, it is hard to tell whether we are going to have a continuous need of increased transportation facilities, or whether, by providing them at a certain level, we have met our transportation problem permanently. You have the same uncertainty with defense plants, and there I might say that to the extent that we succeed in converting existing plants, we save the amount of material which it takes to erect new ones.

PRICE FIXING

Mr. OSMERS. All of this discussion that we have been having on the question of amounts of money spent, and requirements and so on, is based upon the assumption that prices will remain somewhat as they are. We are working into the question of price-fixing, because if we run into an inflationary spiral with that 30 billions which you and I have been tossing around here with such careless ease this morning, dollar figures will come to mean nothing at all. Isn't that correct?

Mr. WEINER. I agree with you entirely.

Mr. OSMERS. All of these valuations will go out the window.

Now there are two schools of thought. I believe Mr. Henderson adequately and ably voices one of them, and I think Mr. Baruch, the other day, may have expressed a different point of view, a more complete conception than Mr. Henderson has advanced.

Would you care to comment on either the necessity for price fixing, if we are going to go through with all these things, or the effect of price fixing upon the program?

Mr. WEINER. I had better stick to my last. Your colleagues in Washington are having Mr. Henderson elaborate now on a subject which he has already expounded for several weeks.

Mr. OSMERS. He has been before committees so long, I think they ought to make him a member, ex officio.

Mr. WEINER. I hope an honorary one.

Mr. OSMERS. Would you care to make any statement with respect to the importance of price fixing, regardless of the particular type of price fixing?

Mr. WEINER. The fundamental need of price fixing is pretty universally acknowledged. I judge that from the fact that organs of opinion representing widely divergent views pretty much concur in that general expression. Like many of us in dealing with our private affairs these various sources believe it should be applied only to the other fellow; but that is the kind of qualification that I think we all recognize and understand.

Mr. **Osmers**. A price-fixing program that did not work would have the effect of a monkey wrench tossed into the gears of our production effort, would it not?

PRICE ADMINISTRATION, NOT PRICE FIXING, NEEDED

Mr. **Weiner**. It would be extremely dangerous. Mr. Henderson has repeatedly made the point that what we need is price administration, and not price fixing.

It isn't merely a question of saying, "This is the price." It is a question of arriving at the price adjustment that will also do the job—that is, maintaining the flow of materials at that price; because if the materials don't flow, the price fixing is a failure.

Mr. **Osmers**. Many manufacturers would be concerned if the Government should come along and fix their price without fixing the price of all the costs that go to make up the finished article. They are very properly afraid that they are going to be caught in a vice, with a fixed price at the top and an unfixed cost at the bottom.

Mr. **Weiner**. We don't know what our import situation is going to be, in the case of a great many commodities; we cannot analyze it except on a day-to-day basis. There is plenty to be concerned about in a situation like that, but very little to do about it.

Mr. **Osmers**. The effects of auto curtailment will be felt not only in the plants here, but also out in the bushes where the cars are sold and serviced. That industry employs as many men away from the manufacturing plants as it does at the plants.

We had a panel of automobile manufacturers before the committee yesterday, and they had quite a wide divergence of opinion as to the way they ought to distribute their curtailed output.

Some were of the opinion that if a section of the country had been unusually well supplied with automobiles last year, in the coming year some other section should get a little preference. But I believe General Motors' representative, Mr. Wilson, contended that no dealer should receive less than 85 percent of his share, and that the remaining 15 percent would have to be distributed in certain needy areas.

Does your office contemplate entering into that phase of the automobile curtailment?

Mr. **Weiner**. We have no plans to do so. We don't know what the future holds in store. We know there is a problem there. We don't know whether there is any real job that we could do, as against what the manufacturers themselves conclude to do.

We have asked them to keep us informed about it, and to give us their conclusions by a certain date, so far as they may have arrived at any, so that with our own study of the problem, we can see whether there is any need for us.

Mr. **Osmers**. A very interesting observation has been made to the committee, that the heavy equipment in freight car factories is well suited to armament production, and that the light equipment in truck factories is not.

The suggestion has been made—naturally it is a Michigan suggestion—that they make a great deal of armament in the freight car factories and solve the transportation problem by truck.

Mr. Weiner. I think you will find that the facts are not too far at variance with that. I think you will find that the locomotive and freight car shops are producing substantial amounts of military goods.

Mr. Osmers. I know some of them are.

Mr. Weiner. Baldwin is making tanks, and I think you will find a distribution of defense work right through the industry. On the other hand, as you probably know, the program which we have worked out to get beyond the passenger automobile stage, which is the one that caught everybody, is to provide for substantially increased production of heavy trucks with the object of supplementing rail transportation.

The heavy truck production schedule goes beyond anything we have ever attempted.

Mr. Osmers. Are we using the facilities of the freight car manufacturers to the extent that we are using the automobile facilities?

Mr. Weiner. I can't answer that. I haven't the figures. I will try to work them out for you, if you like, and submit them for your record.[1]

The freight car manufacturers have been complaining bitterly that they have been unable to get their material for the needed production of freight cars, even within a relatively modest program.

Mr. Osmers. Now, I am going back to some of those general criticisms that I made in the beginning, and I would like to have your view on the question of crowding these industries. Do you feel that we haven't crowded them enough?

Mr. Weiner. I think I would always answer a question like that in the affirmative. I don't think we should ever get into the frame of mind that we have ever done anything well enough. There is more crowding to be done on the Government side, and perhaps the shoe has become a little bit tight on the other foot too, and I suspect some of the automobile makers may be doing a lot of pushing.

Mr. Osmers. The attitude of Michigan, from all sides, labor and management, seems to be that one of the real solutions to their troubles here, in view of the curtailment, would be to increase tremendously the flow of orders, and business would then speed up automatically.

Mr. Weiner. That certainly would help to solve that problem.

Mr. Osmers. Do you feel that labor's charge that they haven't been considered and consulted enough in the program is justified? They were highly critical here of the way that management and business seemed, in their opinion, to have taken over the program.

Mr. Weiner. That condition has undergone a very considerable change in recent months, largely, I believe, through the efforts of the Labor Division of OPM. And I know there is complete concurrence of the other parts of that organization.

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[1] In a letter received subsequent to the hearing, Mr. Weiner informed the committee as follows:

"According to information received from representatives of the industry, practically every railway car builder has some defense work in progress and of the approximately 42,000 persons employed, some 13,000 not quite 31 percent, are on direct defense work.

"One company has leased its Baltimore plant to the Maritime Commission for shipbuilding. Others are building tank bodies in their plants in Buffalo, Chicago, and Hammond. Other products manufactured by the industry include airplane wings, shells, gun carriages, mortars, and miscellaneous ordnance. The railway car building industry is not strictly comparable to the automobile and other consumers durable goods industries since all of its usual peacetime product is classed as essentially civilian. In fact, its operations have thus far been limited only by a shortage of steel, especially steel plates, and actual production of freight cars has consistently fallen below the program."

Perhaps it did take more time than it should have for a general awareness of the problems, and for a realization that in the planning of the program labor has a genuine contribution to make, even from the technical side, because those men are in large part the technicians. But under the program inaugurated some months ago, there is a labor advisory committee for each of the industries, paralleling the managerial committee.

A number of these committees have been formed. Some have been working with extreme diligence, and, in one or two cases that I know of, with very considerable effectiveness.

I know the movement is being encouraged. There are representatives of the Labor Division here this afternoon who can give you a good deal more detail about it. I think the criticism has, to a very considerable extent, been met.

Mr. CURTIS. Who has the final word in the matter of priorities?

SUPPLY, PRIORITIES, AND ALLOCATIONS BOARD HAS FINAL DECISION

Mr. WEINER. At the present time it would be the Supply, Priorities and Allocations Board—S.P.A.B.

Mr. CURTIS. Who is on the staff?

Mr. WEINER. Mr. Wallace is chairman and Mr. Nelson is executive director.

Mr. CURTIS. Now, does that board just lay down general principles, or does it decide each individual case?

Mr. WEINER. It hasn't been in operation very long, but I see no possibility that it can do any more than lay down general principles and review important cases.

Mr. CURTIS. Who is the executive officer of that board?

Mr. WEINER. Mr. Donald M. Nelson, who is also Director of Priorities. He is close to the subject in both capacities.

Mr. CURTIS. Is the Division of Priorities different from the Division of Civilian Supply?

Mr. WEINER. Yes, sir. Those are two distinct divisions.

Mr. CURTIS. It is rather difficult to separate them, isn't it?

Mr. WEINER. I would say that that is true of many of the divisions of O. P. M. For example, the question whether to have a gradual curtailment of civilian production or a uniform curtailment, both as to time and to the size of the company, or location of the plant; now, those are questions on which the Labor Division is often better informed than we are, so the two divisions have to work together.

DETERMINING FACTORS IN ESTABLISHING PRIORITIES

Mr. CURTIS. In allowing or denying a priority, what factors are taken into account? Is it mainly the supply of materials that the military needs, or are social factors and labor factors taken into account?

Mr. WEINER. Let me describe it as best I can. It is a rather broad subject. I will try to answer you, and if I don't, I hope you will question me further.

The first factor in any distribution of material has to be the supply. Now, a great many priorities are actually granted without much regard to the supply. Those are high military priorities. You just grant them for guns and shipbuilding. You give them A-1-A or A-1-B—the very highest claim upon the economy, even though you are not sure how much will be left—simply because that demand comes first.

The point where you get into difficulties is where you are dealing with a subject like agricultural equipment. You know that we need an abundance of food, particularly in view of the scale on which we contemplate shipping it abroad. Now we are between what we would regard as a basic essential on the one side, and the defense essential on the other. We can't run the risk of leaving an unlimited supply for this farm equipment because it would pinch too much in other places. So what we have tried to do is get the hinges together. We try to take into account the probable need in the light of the Department of Agriculture's program for total production, and then to see to what extent the available equipment might be continued to be used, in place of the new equipment. The farmer, having more money in his pocket, and having an old machine, feels that this is a good time to buy a new one. We hope to have the Department persuade him to keep on with the old a little longer if that machine is still serviceable.

That would be an example of what the problem is, and how it is approached. As I recall it, a priority was granted for farm equipment, and the figure was at a percentage higher than the rate at which we had had actual production in 1940. I believe it was 120 percent of the 1940 average production.

Mr. CURTIS. Suppose a manufacturer using steel has no priority whatever, and can't claim any. Is there any way for him to determine whether he can get any steel in 1942?

Mr. WEINER. I don't know how he can determine it if he has no claim for a priority.

Mr. CURTIS. He can't connect his business with the defense program by any reasonable stretch of imagination. How is he going to know what he can do in 1942?

Mr. WEINER. I don't know how he is, sir.

Mr. CURTIS. What materials are we short of? Up to the present time the greatest shortage has been in the metals, has it not?

MATERIAL SHORTAGES

Mr. WEINER. The most extreme shortage is in aluminum. There is some difference of opinion as to whether we will meet the military need, with an absolute minimum for civilian requirements, or whether we will fall a little short.

Mr. CURTIS. Is there a shortage in steel?

Mr. WEINER. There is a shortage in steel, based on what the defense industries of this country will take, and what the people of this country would buy in the way of civilian goods.

Mr. CURTIS. I am not asking you for the figures, but does your office know how much steel is on hand in the United States, and how much will be on hand on January 1, including the stocks on hand with manufacturers, and the amount that will be used between now and then, and the amount we will have produced?

Mr. WEINER. We have estimates which are made largely by the groups that deal in steel, primarily the Iron and Steel Division of O. P. M., which I mentioned before, the one headed by Mr. Whiteside; the Research and Statistics Division, headed by Mr. Stacy May; and the Iron and Steel Institute, which has been doing a great deal of work at the request of O. P. M., in furnishing us information.

I doubt, however, if anyone would be rash enough to assert that the figures available today are accurate. But they do indicate definite conditions such as a fairly substantial shortage.

Mr. CURTIS. Regardless of appropriations or plans made on paper, it should be known about how much steel can be consumed by defense factories in the next 3 or 4 months.

Mr. WEINER. I think we have that estimated. It is being reestimated at the present time, because there was considerable dissatisfaction with the figures.

FACTORS PREVENTING CORRECT ESTIMATES

Mr. CURTIS. And you will know what steel you are going to produce during that time?

Mr. WEINER. We shall know pretty well, although even there, sir, there are factors of uncertainty. For example, we are all greatly concerned at the present time with the shortage of scrap, which affects the quantity that we can actually produce. You see, we shipped so much of it out of the country in past years that there isn't as much available now as we would like to have and need.

Mr. CURTIS. In other words, these are just estimates. There is nobody who knows what you have or what you will have, say on January 1, which is not very far off. There is no mathematical tabulation.

Mr. WEINER. We have mathematical tabulations, but those mathematical tabulations are estimated, and it would be wrong to regard them as anything else.

Mr. CURTIS. Do you know what the actual military needs of steel will be for 1942?

Mr. WEINER. No, sir; because we haven't yet had any complete program of military production for 1942.

Take, for example, the situation confronting us today. Here we have the Russian situation. The Russians are here, both with their own money and with requests for American financial aid, to get military materials. If the policy of this country is to help them, that will increase the quantity of military materials needed, and will make necessary a reestimate. If Congress appropriates money in one amount, you have your military program set; if it doesn't, then your military program is something else. There is no way to make an estimate or calculation which would give you now the situation as it will exist throughout all of 1942.

Take as an example the shipbuilding situation. If a program is set, and then you have tanker diversion, that changes your problem somewhat. If you have ships sunk, that changes your problem. If you have imports cut off from some country, that again changes your problem.

Mr. CURTIS. But you will know how much steel it will take to run all your shipyards at full capacity, won't you?

Mr. WEINER. We now have several projects to put down additional ways in the shipyards, if the rate of sinkings and the desire of this country to build a bridge of boats between here and England make that expansion advisable. If that occurs, it will in turn take an additional amount of material.

Mr. CURTIS. Suppose that decision is made. How many months will elapse before you start using the steel?

Mr. WEINER. Not too many months, sir. Some time elapses, of course, between the blueprint stage and actual construction. At the same time, you have to make allowance for the fabrication process and for transportation, so that the margin is not too great.

If you have, for the beginning of your deliveries, a margin of 4 or 5 months, that still might well be reflected within that year's capacity.

Mr. CURTIS. You do know what the average peacetime consumption of steel would be, or what it has been in the last 4 or 5 years?

Mr. WEINER. We know what it has been. People disagree as to what is a good figure to use as an average. We felt 35,000,000 tons during the depth of the depression was about bottom.

ESTIMATE OF SECONDARY MILITARY NEEDS

Mr. CURTIS. Do you know what the secondary military needs of steel will be? I don't know whether you use that term or not, but I am referring to activities such as transportation, added civilian needs in defense centers, and that sort of thing.

Mr. WEINER. We have estimates of all of those things, sir.

Mr. CURTIS. Those needs are not dependent upon the foreign situation. They are pretty much our own problem here.

Mr. WEINER. They are. I don't think they are entirely independent, though. For example, consider the transportation system. As you probably know, we have had some diversion of intercoastal shipping. In fact, there was a planned diversion. It was indicated pretty plainly that it was more than we could stand at the present time, so the plans were modified; and one of the reasons modification was necessary was the inability of the railroads to take on that extra volume of traffic.

If the ships aren't available, the rails will have to carry the traffic. Something will have to be done to relieve our transportation system, or else that material will have to stay at home.

NO SHORTAGE OF RUBBER

Mr. CURTIS. Is there a shortage of rubber?

Mr. WEINER. The answer, I think, is "No." Apart from the supply of synthetic rubber, our sources are all abroad, and at great distance, as you know.

The Army and Navy, and I think everyone connected with the defense program who is interested in it, is seriously concerned with the possibility that that source of supply might be cut off at any time.

It wasn't so long ago that the general consensus was that it would be cut off, at least for the time, so that a recommendation was made and acted upon to stock-pile rubber. In that sense, we are not short of rubber. We have a fairly substantial amount now in this country which isn't being processed, and rubber is still moving into this country today. We are using a lot of shipping, bringing in that rubber, and we are just scared to use it up.

Mr. CURTIS. What have you done to curtail the use of rubber?

RUBBER CURTAILMENT PROGRAM

Mr. Weiner. There was a program which, as I recall it, went into effect on the first of July, for a continuing percentage decrease in the amount of crude rubber that could be processed by the industries using it.

That program is in effect now. The reason for using it was that there was a stock-pile program which couldn't be met by complete importation on top of the phenomenal rate at which we were using up rubber.

We reached a rate of 850,000 tons a year, which is simply staggering because in 1940 we had 600,000 tons for the total year's consumption, and that was a peak year. In order to meet the stock-pile requirements, a curtailment program was put into effect, and is in operation today. The purpose of that is to get a stock-pile of something over a half million tons by the end of the year.

Mr. Curtis. How are you curtailing rubber?

Mr. Weiner. An order allows a percentage of the amount used by the concern during a base period.

Mr. Curtis. What percentage is the manufacturer allowed?

Mr. Weiner. The figure changes each month at the request of the industry.

The reduction was staggered so as to allow greater opportunity for adjustment. The intent was to get the industry down by the end of the year to an annual rate of 600,000 tons, which was the 1940 rate and therefore still a very high figure as judged by any standard that we are familiar with.

Mr. Curtis. Has it been cut 20 percent or 30 percent?

Mr. Weiner. In terms of percentage of the maximum rate at which we have been producing, it comes to something over 30, if I recall it.

Mr. Curtis. After this rubber is made into automobile tires, are they distributed on the basis of priority?

Mr. Weiner. No, sir; there is no restriction on tire production or distribution.

Mr. Curtis. As of today, would it be safe to assume that the average dealer could get 70 percent as many tires as he got a year ago?

Mr. Weiner. The whole program hasn't yet gone into effect. The bottom isn't to be reached until the end of this year, so the present rate may be higher; but that may be about right—that he could get 70 percent of—not a year ago, sir; we are exceeding today in rubber production what we had back in June a year ago.

Mr. Curtis. But I am speaking of the retailer who is supplying the civilian needs.

Mr. Weiner. What I am saying, sir, is that the rate at which we are producing tires today is still in excess of the rate at which we produced tires a year ago, although it may be 30 percent below the rate we hit in June of this year, which was an all-time high.

Mr. Curtis. If our source of supply of rubber was entirely cut off, how long would present supplies and synthetic-rubber supplies last?

Mr. Weiner. I would be guessing if I tried to answer that. I haven't the figures in mind.

Mr. Curtis. Do you think it would be less than a year?

Mr. Weiner. Yes; at the rate at which we are operating today. In fact, I am almost certain it is less than a year's supply, and that was one of the very alarming things about the situation which brought on this curtailment.

Mr. CURTIS. Has announcement of the curtailment increased the demand for rubber?

Mr. WEINER. Well, we have heard it both ways, sir. The demand that we are speaking of would be reflected in the retail market. So far as the manufacturer is concerned, that demand is fixed by the curtailment itself. The individual buyer, perhaps in fear of higher prices, goes in and buys two or four tires, putting them away in his garage or in the cellar.

We have been told that that has happened. I do not doubt it.

Supplies in the hands of the dealers are greatly diminished; yet there hasn't been any great run upon the tire supply. Some run of this kind is almost inevitable unless you want to clamp an immediate restriction on consumers. But the question arises, Is it wise and administratively feasible to tell people immediately how many cars or how many tires they can buy, and under what circumstances? We don't think this situation is sufficiently acute, or likely to be, to call for that, and our general principle, in this matter of market restriction, is "Don't do anything you can avoid doing."

FILLING OF NONPRIORITY ORDERS

Mr. CURTIS. Coming back to the steel situation, here is a steel company, let us say, or a jobber who has steel on hand, and he has an order for steel from some manufacturer who has no priority claim. Can he fill the order? Can he fill part of the order? What does he do?

Mr. WEINER. It depends on the priorities he has. If he has priorities which absorb his total supply, then he would be violating those orders. If he has room for the fulfillment of that order, plus the amount required of him because of priorities, he can fill that order, and he should fill it.

Mr. CURTIS. Do you know whether they are doing it?

Mr. WEINER. So far as we know, they are filling orders where possible. When the total amount of orders exceeds the capacity, a picking and choosing process is involved. The manufacturer may not choose to fill one order because he is dealing with a customer who has been shopping around—hasn't bought from him steadily—or perhaps he complained about prices or discounts or deliveries. I hear now and then of customers who are told their orders could not be filled on account of priorities, when the real reason was that the manufacturer wanted to sell to somebody else.

Mr. CURTIS. Do you think it would be more satisfactory if we could work out a plan under which the manufacturer could say to these concerns, "You can have 40 percent or 60 percent of what you have been having"?

IN FAVOR OF DEFINITE ALLOCATIONS

Mr. WEINER. Yes, sir; I am in favor of allocating as far as possible, because the one thing that it accomplishes, which is needed above all, is that it serves to tell people where they stand, so that they can act accordingly. I think that is far more satisfactory, and I think right now the defense agencies are planning to move as rapidly as feasible in that direction.[1] I think the automobile curtailment program was based in substantial part upon that desire to bring some certainty into the situation which otherwise is extremely chaotic. When people don't know where they stand, they try to buy everything in the hope they will have a chance to use it.

Mr. Curtis. As an individual Congressman, I am faced with that problem. Manufacturers come to me with it. They don't know from month to month, whether they can stay in business. They are patriotic people, they will take it on the chin, regardless of what the order is. It would remove fear, it would remove mistrust, it would enable them to clarify their attitude toward their employees, if they knew that for 6 months or a year they could have half of their previous consumption, or 60 percent, or 70 percent, or whatever it might be.

Mr. Weiner. I think, sir, you will find that between now and say the end of the year, decisions of that kind will be made and published to cover practically all the important areas of our economy.

Mr. Curtis. But that information is not available.

Mr. Weiner. The information is not available. We have had a good many programs which we worked up to a certain point, and then we had to adjust ourselves to the reorganization, which has slowed us up in our operations as any reorganization does. But now we are engaged in it again. The S. P. A. B. has announced it wants to move more and more into the field of allocations, a conclusion with which we are in complete accord.

Mr. Curtis. Don't you feel that such decisions will take a tremendous load off your priorities staff? At the present time these individuals are trying to collect information and affidavits that some of this material went into defense production.

Mr. Weiner. I believe every bit of that, and I think I could illustrate to the point of extreme boredom that those consequences would be exactly in line with what you say.

Mr. Curtis. I have one other question in reference to the cut in automobile production.

Why was there a difference between the cut in the Big Three and the rest of them?

Mr. Weiner. I would say there were several reasons, sir. The smaller concerns are brought to the borderline between shutdown and ability to go on far more rapidly than the major concerns. Small and large companies alike recognize this, and there is no dispute about it. There is a point of minimum production. And that same line exists also for the dealer force. They have to have at least a minimum number of cars to keep in existence. There is more leeway when the total production is as large as in the case of the Big Three.

Mr. Curtis. Has it occurred to you that in the distribution of those cars, in a given town there may be two dealers across the street from each other?

Mr. Weiner. Yes, sir.

Mr. Curtis. Then if the Big Three's production cut is greater, the dealer for Willys or Nash, gets perhaps 85 percent of the cars he has previously been getting, but the Chevrolet or Ford dealer can only get about 47 or 48 percent.

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[1] On November 7, 1941, the S. P. A. B. announced a major revision of policy, under which the priorities system was to be gradually replaced by a system of allocations.

Mr. Weiner. I don't think you will find the percentages as wide apart as that.

Mr. Curtis. But there is a difference.

Mr. Weiner. There is a difference. Those percentages were gone over with a representative of every company, big and small, and that difference in scaling, if my recollection serves me, was not objected to by any of the Big Three.

Mr. Curtis. Were the dealers represented?

Mr. Weiner. The dealers were not represented at that discussion, sir.

Mr. Curtis. There is no shortage of gasoline, is there?

Mr. Weiner. I believe there is.

Mr. Curtis. You think there is?

Mr. Weiner. Yes; in certain areas.

Mr. Curtis. Where?

Mr. Weiner. In the northeast.

Mr. Curtis. Is there any shortage in crude oil?

Mr. Weiner. So far as I know there is not, but I am not an expert on that.

Mr. Curtis. Is there a shortage of refining facilities?

Mr. Weiner. The last I heard, our refineries were working at something like 95 percent of capacity.

I would suspect, not knowing that industry, but judging from others, that 95 percent of theoretical capacity really approaches very close to actual capacity, which indicates a new problem in oil refining.

Mr. Curtis. In the "oil quota States" we have some oil wells that are not permitted to produce even 1 percent of their capacity, and the geologists and the oil experts are agreed that for good conservation purposes they should produce at least 5 percent to prevent deterioration and seepage and other losses. That is the situation you have in some oil-producing States.

Mr. Weiner. You have me away off base.

Mr. Curtis. That is all.

Mr. Sparkman. I want to ask you a few questions, very hurriedly, because you have been here a long time.

As I understand this situation, the curtailment in automobile production was brought about primarily by a necessary curtailment in allotment of certain raw materials, particularly steel and aluminum. Are those the two principal ones?

COPPER SHORTAGE

Mr. Weiner. And copper. I think copper at the moment bothers the automobile manufacturers more than any other material.

Mr. Sparkman. Is there any substitute for copper?

Mr. Weiner. Some substitutions have been made.

Mr. Sparkman. I mean in the automobile field.

Mr. Weiner. Apparently they have reached what they regard as practically the minimum in copper, particularly for radiators.

Mr. Sparkman. What is being done to increase the output of copper?

Mr. Weiner. That is a rather large-scale program. I will hit it in a hurry if that is what you want.

Mr. Sparkman. I would like to have you tell me.

Mr. Weiner. We got a Government buying program financed by the Government through the Metals Reserve Company, for importation of copper from Chile. We have had negotiations with a number of plants for Government financing of expansion. We have made arrangements with some plants, especially here in the Upper Peninsula of Michigan, for the purchase of their copper at a rate above the ordinary selling price, because of the special cost problem presented there.

We have got negotiations going for various subsidized expansions, and we are very hopeful that we can, within the near future, get an increase of available supply at the rate of say, a quarter of a million tons a year.

Mr. Sparkman. Has work commenced on the expansion that you refer to?

Mr. Weiner. Actual work in only one or two places, on minor projects.

STEEL PRODUCTION

Mr. Sparkman. That same thing is true with reference to steel, is it not?

Mr. Weiner. Some steel expansion, I believe, is actually in process.

Mr. Sparkman. I believe that is true. Some new plants are being built.

Mr. Weiner. We have expansions of existing plants; we have had a building of ore carriers here on the Great Lakes. We have brought down far more ore this year, as you know, than we have ever had done before.

ALUMINUM EXPANSION PROGRAM

Mr. Sparkman. Now, with reference to aluminum, of course, we have quite an expansion program there.

Mr. Weiner. Yes, sir.

Mr. Sparkman. We have been hearing a great deal of talk about expansion of the steel industry and expansion of the aluminum industry. That has been going on for nearly a year now, and I don't believe a single one of those aluminum plants is under construction yet.

Mr. Weiner. I thought the Alcoa plant had been started. I know they negotiated a contract about a month ago. The Reynolds plant has been expanded, and is now producing.

Mr. Sparkman. They went in as an independent concern and built their own plant.

Mr. Weiner. Borrowed some money to build it with.

Mr. Sparkman. But a while ago we were talking of building government aluminum plants, and not a single one is under construction. Contracts have been negotiated with the Aluminum Co. of America to operate Government-owned plants, I believe to the extent of 500,000,000 pounds, but not another contract has been made.

Mr. Weiner. I thought they either had signed the contracts or were on the verge of signing.

Mr. Sparkman. That is not true, unless they have been signed today or late yesterday. But is there any answer for the tardiness of that expansion program?

Mr. Weiner. I am not enough of an expert to answer that.

Mr. SPARKMAN. It seems to me that the slowness of the proper governmental agency—whatever it may be—to get this expansion program under way is attributable in great part to our uneasiness and the attitude with which we approach allocations.

Now, with reference to rubber. Of course, that is one of the strategic materials that we have been buying for a little over a year now.

Mr. WEINER. Yes, sir.

Mr. SPARKMAN. I believe you testified that we had on hand a stock pile that probably would run a little less than a year if all supplies were cut off.

Mr. WEINER. That is my impression.

Mr. SPARKMAN. The world production of rubber is about 1,500,000 tons a year, is it not?

Mr. WEINER. I don't know.

RUBBER PURCHASES

Mr. SPARKMAN. I am sure that is correct; and the extent to which we are buying it now is about 1,200,000 tons a year.

Mr. WEINER. That is very close to the figure.

Mr. SPARKMAN. And our normal purchases were about 750,000 tons a year.

Mr. WEINER. That is approximately correct.

Mr. SPARKMAN. In other words, we are buying nearly three-fourths of the available world supply now. And the effort is being made to purchase the rubber on as orderly a basis as possible, so as not to disturb world prices?

Mr. WEINER. Yes, sir; and I think we have done quite well on that.

Mr. SPARKMAN. I do, too, and as a matter of fact, the private companies have cooperated very well in building up their own stock piles, isn't that true?

Mr. WEINER. There has been a good deal of private stock piling, which is now stopped because of the Government stock pile which is operated through the Rubber Reserve Corporation.

Mr. SPARKMAN. And the Rubber Reserve Corporation and the private companies have worked together very nicely, as I understand it.

Mr. WEINER. They have done an excellent job, which I think everyone is very happy about. They have moved the rubber where it could best be stored.

Mr. SPARKMAN. The allocations that you referred to a minute ago with reference, for instance, to steel—are those allocations based upon the anticipated production after this expanded program is put into effect?

Mr. WEINER. The allocations that we hope to make on an industry-wide basis would be adjusted to the anticipated programs.

The actual operating allocations are today month-to-month figures, based upon the actual rolling capacity of the mills and on orders on hand.

Mr. SPARKMAN. Reference was made to advance buying of various critical materials by the Army and Navy and possibly other defense agencies.

Do you have any knowledge of that?

Mr. WEINER. We have never investigated specifically any such case. But I can venture to say that we didn't buy up critical materials.

Mr. SPARKMAN. Have these agencies been buying steel beyond their immediate requirements?

STOCK PILE PROPOSALS

Mr. WEINER. Some time ago Mr. Baruch and others had advocated that we ought to stock pile these critical materials, but we have always acted upon the general belief that this is a country of unlimited resources and that it had everything within its own borders and it was so hard to get rid of that conception that the proposal to stock pile was difficult to get across.

It is hard for people to realize that tin and chrome and rubber, which are among the essentials of our economy, are just not obtainable in this country, that we import them.

Mr. SPARKMAN. I really did not intend to refer to those critical materials. I really meant steel. Has there been any unwarranted forward buying in steel?

Mr. WEINER. I have heard it said that the military forces have got deliveries of materials—some armor plate or ship plate of various kinds—long before they were actually incorporated into the military article.

I have also heard it said that supplies of one sort or another have been accumulated and stored against an emergency.

As I indicated before, I have no doubt that to some extent it has occurred—partly through fear of being unable to get material and partly through difficulties in controlling the schedules. You can't be quite sure when you will need it, and if you need these defense things, your decision must balance the risk of not being able to get your ship out as fast as possible, against the risk of tying up needed materials longer than you have to. It is a difficult job for anybody to manage, and I do not like to go scattering hasty accusations.

Mr. SPARKMAN. This board known as the S. P. A. B. is a relatively new set-up?

Mr. WEINER. Yes, sir.

Mr. SPARKMAN. And the purpose of its organization is to smooth out these very things?

Mr. WEINER. Yes, sir; and I think it is doing it.

Mr. SPARKMAN. I have great confidence in its accomplishing that. Am I correct in inferring from your statement that the plan will be to give out more or less blanket allocations—percentage allocations, rather than a single specific priority to each individual company?

Mr. WEINER. The plan will be to decide to what extent the available material will enable various types of industries to operate at given rates.

LIGHT-TRUCK CURTAILMENTS

Mr. SPARKMAN. You have stated that heavy duty trucks were not being curtailed. Someone has suggested that that applies only to trucks above 1½ tons in size.

As a matter of fact the trucks under that size are the ones that are of primary importance to agriculture, aren't they?

Mr. WEINER. That may be.

Mr. Sparkman. And probably to ordinary commerce—not cross-country transportation?

Mr. Weiner. That is primarily for delivery of light stuff.

Mr. Sparkman. Do you think the curtailment there would be somewhat in line with passenger cars?

Mr. Weiner. The curtailment there, as I recall it, was tenatively set at 30 percent, as against a very high recent rate of production—higher than passenger cars, in relation to the general replacement rate that is going on. I think we need a somewhat higher rate in practically all instances of vehicles which are used commercially, as against those used individually, because more people get service by them.

Mr. Sparkman. Now, this is my last question. As a matter of fact, isn't this the situation: We are engaged in a complete defense effort, and in order to accomplish that, all other matters must be subordinated, insofar as this is reasonable or possible. The great difficulty lies in the unwillingness, or perhaps the failure, of our people to make sacrifices of their normal peacetime privileges for the completion of that program. Do you see the general situation in that light?

Mr. Weiner. Well, in answering the first part of your question, if we are not "all-out," I think we had better get that way. If we are not engaged in that kind of an effort, we better had be. As to the unwillingness——

Mr. Sparkman. Probably I should not say "unwillingness," but the slowness.

Mr. Weiner. There is that slowness there, and it is quite natural. It is hard on those of us who have to go around trying to explain what this means, and we get a good many brickbats. At the same time, we have to bear with this peculiar phenomenon, which is perhaps unavoidable after the first stages of a defense program.

The beginning of a defense program doesn't bring any realization on the part of anybody that real sacrifices will be necessary. It takes up unused capacity, and there are more dollars to buy goods with, and at the same time some defense goods are produced. It is only a trickle, a small trickle, but if all you want is a small trickle, that makes everybody happy. There is more spending, more employment, and more goods; more new automobiles and more new refrigerators. That is just fine—until you get to the point where the pinch really comes.

So that the impact of a real defense effort on the psychology of the people, instead of coming at the start of the defense program, really strikes a year or a year and a half after the best times the people may have had in some years. Then it is awfully hard to adjust to the necessity of sacrificing for the defense effort. I think it takes a little time, but as it gets on, I haven't the slightest doubt that the people of this country will make the sacrifices necessary.

Mr. Sparkman. It is a sacrifice we have to make.

Mr. Weiner. Yes, sir; and I am sure we will do it.

The Chairman. Mr. Weiner, I would like to ask you some questions myself, but the time element is with us here just as it is in the national defense program, so we will recess at this time.

As chairman of this committee, I want to say to you that I think you have made a very patient and intelligent presentation. It will be of value to us, and we thank you very much.

Mr. WEINER. Thank you, Mr. Chairman. I appreciate the spirit in which this hearing has been conducted. I should like to add that the brief mentioned in Mr. Henderson's telegram is now in preparation and you will receive a copy as soon as it is ready.

The CHAIRMAN. We will adjourn until 1:30 this afternoon.

(Whereupon, at 12:30 p. m., the committee adjourned until 1:30 p. m., the same day.)

(The paper referred to above was received subsequent to the hearing. It is as follows:)

STATEMENT BY DIVISION OF CIVILIAN SUPPLY, OFFICE OF PRODUCTION MANAGEMENT, WASHINGTON, D. C.

REPLIES TO QUESTIONS ADDRESSED TO THE DIVISION BY THE HOUSE SELECT COMMITTEE INVESTIGATING NATIONAL DEFENSE MIGRATION

OCTOBER 24, 1941.

Question 1: What are the principal material shortages which have made necessary the curtailment of civilian production programs, and to what extent have these shortages developed?

As Mr. Henderson testified before your committee in July, the curtailment of the automoble industry was brought about by a shortage of materials for civilian use arising from their diversion to defense production. This condition is going to bring about a cut in civilian output no matter what measures are taken; the commodities that will be affected are those made out of materials required for defense.

For illustration, the extent of the shortages of two of these materials—steel and copper—can be indicated. Even though the extent of the shortage could not be measured exactly, there was no question as long ago as May that the supply of steel was already inadequate. Steel producers received more orders than they could fill, so that they had to cut down or push back the date of delivery on some orders. By the middle of the summer, many steel fabricating plants curtailed their operations, and a few more compelled to shut down completely because of their inability to secure steel. In recent weeks, such large users of steel as the automobile and refrigerator industries have been unable to fill their curtailed requirements of particular types of steel.

We did not need the letters from manufacturers who had been denied steel, or the knowledge that the steel companies had to reject or scale down orders, to foresee the present inadequacy of steel supplies. The large volume of defense consumption, and the high levels of national income, combined to create so great a demand for steel that the adequacy of supplies was questioned as far back as January 1941, when the Dunn report was prepared. A technique, which we apply to other materials, was developed to predict the adequacy of material supplies to meet orders.

DEMAND FOR STEEL IN TERMS OF ANTICIPATED NATIONAL INCOME

The amount of steel ordered from the steel mills depends largely on the national income. In prosperous times, both businessmen and consumers spend more money on goods which contain steel or require steel for their manufacture or transportation; in a depression, the reverse is true. Consequently, the demand for steel can be estimated in terms of anticipated national income. Given a national income of (say) $87,000,000,000, it is a good guess that civilian demand for finished steel will today be about 52,000,000 tons.

Total capacity for finished steel is estimated at 62.0 million tons for 1941. Military needs for this year are estimated at 17.64 million tons, leaving 44.36 for civilian and export use. Comparing this 44 million tons with the estimated civilian demand of 52 million tons, it would appear that the amount of steel for civilian use will be less than the amount demanded by 7.64 million tons in 1941.

ORDERS ON BOOKS OF STEEL COMPANIES

These estimates, however, have been out of date for some time. They are undergoing revision, and, unfortunately, are incomplete at the present time. A better guide to the steel situation is given by the orders on the books of the steel companies. For the second half of 1941, civilian orders are about half of the total orders. Since defense orders are filled first, civilian industry will, therefore, be compelled to get along on less than 50 percent of the steel capacity.

Another basis for measuring the extent of the current steel shortage is the relationship between the available steel suplies during recent months and the amount of steel consumed last year. If all defense orders scheduled for delivery in July and August had been filled, as they should have been, the amount of steel left for civilian industry and nondefense export would have been about 70 percent of average steel production in 1940. The amount of steel available for nondefense use would have been only 88 percent of average steel production in 1939, a none too prosperous peacetime year.

In other words, steel available for nondefense consumption was 30 percent below 1940 consumption. It is interesting to compare this figure with the cut of 26.6 percent in automobiles during the months August through November. Of course, some steel was used for defense production during July and August 1940, but an allowance for that small quantity still leaves the over-all cut to civilian use in the neighborhood of 25 percent.

SHORTAGE OF COPPER

The shortage of copper is even more serious that that of steel. In recent years before the defense effort, copper was consumed at a rate of 70-odd-thousand tons a month. We have substantially increased the supply so that the estimated amount of refined copper available for September, 1941, was about 133,200 tons. But since applications for copper total fully 219,900 tons, the supply is just about 60 percent of the demand. Here again, as with steel, we are confronted with the necessity of fulfilling essential defense demands not 60 percent, but 100 percent, with a correspondingly greater cut for postponable demands. Items classified as defense (all ratings above A–10) amounted to 97,700 tons, leaving only 35,500 tons. In other words, civilian industry is going to get 30 percent of the copper refined. Compare this with the record of the 12 months, July 1939 to June 1940, before the defense program was announced. The total amount demanded today is 288 percent of what was consumed during that year. The amount available for civilian use today is 46.5 percent of last year's consumption. Of course, some of 1939–40 consumption was military. If we allow 10 percent for that, we find that civilian industry now has available not quite 51 percent of what was used in 1939–40. Or, putting it differently, civilian industry as a whole will have to take a 49 percent cut from the 1939–40 level of operations. Since the 1941 level has been substantially higher, the cut from current rates of consumption will be heavier.

Nor does the future look any better. For the 12 months, July 1941 to June 1942, Office of Production Management and Office of Price Administration estimates of copper available range between 143,000 and 152,000 tons per month. But purely military requirements will take 69,000 tons—almost half—and essential civilian or indirect defense another 46,000, leaving only 28,000 to 37,000 tons per month for strictly civilian use. As with steel, the estimates of military requirements are based on the amount of appropriations during the early months of the year and take no account of aid to Russia. They are almost certainly too low.

OTHER SCARCE MATERIALS

The consumers' durable goods industries also consume large proportions of other scarce materials, including nickel, aluminum, chromium, rubber, tin, and zinc. The acuteness of the shortage varies with each material, but savings are necessary in practically every case. The curtailment programs announced to date—automobiles and refrigerators—were intended to save substantial quantities of each of these scarce materials.

NEED FOR NEW FABRICATING MACHINES

The materials needed by the defense program can be secured as they are mined and smelted, but the provision of new machines to fabricate them is so much more difficult and prolonged a process that we must make full use of our existing equipment. The plants making consumers' durable goods are a large and as yet little-tapped reservoir of munition-making capacity; but Government action is necessary to assure their utilization. The firms in these industries naturally prefer to continue supplying a profitable Civilian market. They do not want to lose touch with their permanent customers, nor do they relish the prospect of immobilizing part of their equipment in order to produce military products with the remainder. But it has never been the feeling of the Division of Civilian Supply that only those plants should be diverted to defense which could use almost all of their equipment in defense production. The time is too short to worry about slight wastes. In avoiding such slight wastes, we must not be guilty of the greater wastefulness of failing to use for defense production what we already have. The producers of automobiles and other consumers' durable goods have certain equipment, space, engineering ability, and other talents which are useful for defense. An automobile company is an operating mechanism which can change its direction much more quickly than a new plant can be constructed from scratch. The mere fact that it cannot be utilized 100 percent is a very poor reason for not utilizing the substantial percentage that is adaptable to defense.

The pressing need for mobilizing for defense as much as possible of America's productive capacity was, therefore, a strong reason for the Division's plan to curtail the output of automobiles and of other consumers' durable goods.

Question 2: How does the Division of Civilian Supply approach the problem of allocation?

The Division of Civilian Supply was originally created as part of the Office of Price Administration and Civilian Supply, to cope with just such a situation as faces us now. Its functions were continued when it was transferred to Office of Production Management by the Executive order of August 28, 1941, which required it to "formulate plans and programs providing for the equitable distribution among competing civilian demands of the materials, articles, power, fuel, and other commodities made available by the Supply Priorities and Allocations Board for civilian use." But the responsibility of the Division does not end with the program it formulates, or the industries it regulates; it extends to those materials and industries which it chooses to leave unregulated. The lack of a program means that the Division approves the flow of materials and products which results when the particular industry is left to its own devices. Whatever the outcome of regulation or nonregulation, the Executive order makes the Division responsible for it.

Naturally, the Division takes no action when the supply of materials is adequate. No restrictions have been made on the use of many basic commodities, such as cotton, glass, ceramics, and wood.

The Division must take action to direct the distribution of materials which are not available in sufficient quantity to meet defense and civilian demands. This action has so far been of two major types, (*a*) preference ratings, and (*b*) limitation orders.

(*a*) Preference ratings are the oldest and best-known allocation device. Those orders whose fulfillment is deemed most important are delivered first, and less essential uses must wait their turn. Military demands must, of course, be met first; but in distributing the residual supply, the Division has granted the highest civilian preference rating to manufacturers of hospital supplies, surgical equipment, maintenance and repair parts, motorbusses and trucks, and other industries which are indirectly essential to defense or necessary to the public health and safety.

(*b*) Limitation orders limit either the amount of material which an industry may use, or the amount of its output. In both cases, the effect is to set a certain figure as a ceiling on its material consumption, but this amount is not formally allocated. The limit on material consumption in one industry releases materials for other industries. Thus the net effect of the program is roughly to allocate the available materials. (The reasons for this indirect method are given in the reply to question 6.)

Question 3: What are the procedures whereby the Division determines that the national interest requires conservation of a given raw material?

Strictly speaking, it is not the Division of Civilian Supply which determines the necessity for conservation. It is the function of the other branches of Office of Production Management, working with Army and Navy, lend-lease, and Maritime Commission officials, to compile estimates of defense needs and available supplies which the Division takes as the starting point for its operations. These data are needed to estimate the amounts available for civilian industry, and by comparing these with both records of past and estimates of future consumption, the extent of the shortage is roughly determined. Unfortunately, many of the estimates are necessarily little better than guesswork. Moreover, increases in military needs automatically decrease the amounts available for civilian use, and material supplies which seem to be plentiful at one time may suddenly become quite short. Excessive optimism, however, is soon corrected, for as the shortages become apparent, the businessmen affected quickly apprise the Division of their existence.

Question 4: Assuming that a shortage exists, on what basis is the residual allocated among the various industries?

In general, the objective of the Division in allocating the residual amounts of scarce materials among civilian industries is to minimize the burden of the shortages on labor, consumers, and industry.

An allocation program which consciously aims at this objective is necessary because the peacetime mechanism of allocation cannot be trusted in a defense economy.

In normal times when materials become short, their prices rise and they are purchased only by those industries which can afford to pay these higher prices. The market thus provides a kind of allocation program, but one which penalizes persons with low income, and may cut the production of necessary commodities. At present, the price system is partially restricted by the Office of Price Administration in fulfilling its obligation to prevent inflation. The absence of the price increases that would occur were there no price control has created a situation in which producers endeavor to buy far more materials than are available. Government allocation of scarce materials was decided upon merely because it is superior to the allocation of these materials by the private firms selling them.

When the Government does not act, the firms that are the biggest peacetime customers of the industries selling scarce materials generally get the materials and consumers get whatever products these firms make. Businessmen cannot be expected to antagonize their best customers in order to divert materials to essential use. Sometimes, they ask the Government to forbid them to sell for less pressing purposes because they dare not turn away their peacetime patrons. Thus, without Government allocation we might have automobiles, but little hospital equipment; electric refrigerators but not furnaces; washing machines but not freight cars. Moreover, private allocation would probably create a large amount of avoidable labor displacement. Already many inventories are unbalanced and there is hoarding of materials. These materials are withdrawn from the market before they are actually used, thereby increasing the acuteness of the shortage. Finally, private allocation of materials takes no account of the fact that some industries (mainly the mass-production industries) employ relatively small amounts of labor in relation to materials.

In modifying the pattern of allocation which the unregulated market would produce, the chief considerations guiding the Division are (*a*) the minimization of labor displacement, (*b*) the urgency of the need for various products, and (*c*) the feasibility and need for converting production facilities and labor to defense production.

(A) MINIMIZATION OF LABOR DISPLACEMENT

An attempt is made to allocate materials to industries where they give the most employment. Those industries have been curtailed less which employ the greater amount of nonscarce materials, including labor, in combination with a given amount of scarce materials. Moreover, the Division has attempted to judge the possibilities of alternative employment for displaced workers.

(B) URGENCY OF NEED FOR PRODUCTS

The urgency of the needs satisfied by the various products which consume scarce materials depends, in large degree, on the availability of substitutes and on the postponability of demand. Where there is a possibility of stimulating the production of substitute products which do not use scarce materials—e. g., wood furniture for metal furniture—there is a strong case for curtailment. Likewise, durable goods must bear a large share of the burden of the shortage because there is already a large stock of them which can continue to give service to consumers.

The essential needs of public health and safety and of indirect defense, as in defense housing, must of course be met before other civilian demands.

(C) FEASIBILITY OF CONVERTING

The convertibility of industrial facilities and personnel to defense product on has been an important consideration because it provides a way of absorbing displaced workers. Other things being equal, the industries least convertible to defense will be curtailed the least.

It should be noted that curtailment of civilian production is itself a strong incentive to conversion to defense work.

No matter how great one's patriotism, no matter how great his interest in securing additional business, the pressure to take defense contracts is immensely enhanced when a company receives a sharp curtailment in civilian output.

The objective of converting facilities to defense can, perhaps, be carried too far—though if an error is to be made, it should certainly be in that direction. In one industry for which a program is under consideration, it was argued that this industry could easily be adapted to defense production. However, a check by engineers indicated that the contribution of this industry would be very slight; furthermore, it consumed very little scarce materials.

Hence the industry will probably be kept operating near the level of the preceding year. It was felt that displacement of a large number of workers was not justified by small material savings and a contribution to defense production which could better be made by other plants.

Question 5: To what extent were the probable dislocation of employment and forced migration of workers considered in allocating production?

Labor displacement and the migration resulting therefrom were carefully considered. The division could not reckon merely with the number of people displaced by restricting output in a particular industry; it was necessary to compare that with the number of workers that would be displaced by denying the same quantity of material to other industries. In this connection, the number of persons employed for each ton of scarce materials was calculated for various industries. We were, therefore, able to determine roughly how many men would be deprived of employment by withholding the same quantities of material from each industry. In the automobile industry, for example, the number of people employed for each ton of steel is so small that to save a ton of steel in other industries, such as the washing machine or vacuum cleaner industry, about 10 times as many people would be put out of work.

Much current labor displacement has been caused, not by Government flat, nor even by defense consumption of scarce materials, but, to put it bluntly, by private concerns "hogging" the existing supply. The steel statistics point to a shortage, but not to a shortage great enough to shut factories down. Even as recently as August, the amount of steel available for civilian use was 70 percent of average 1940 consumption, and 88 percent of 1939 consumption. Actual "defense unemployment" would be the amount caused by denying civilian industry enough orders to force its consumption 30 percent below the 1940 level and 12 percent below the 1939 level. But as far back as May, businessmen were complaining to the Office of Price Administration and Civilian Supply, not merely that their orders were being cut from the high 1940 level, but that they were being denied any and all steel. During July, one of them wrote that he would gladly take a cut of 50 percent—not 30 percent—from his 1940 purchases if only he could get the other 50 percent. That steel was not disappearing into thin air. There is no escaping the conclusion that it was going into the hands of other customers, both for consumption and inventory building, and at a record-breaking pace. To the extent that the curtailment program stops or reverses this process, it will be more a preventive than a cause of labor displacement.

Question 6: Why was a policy of curtailment of production favored over a policy of allocation of materials? [1]

The Division has adopted the policy of curtailing production (or consumption) of materials instead of making outright allocations because of the lack of information necessary for an allocation program.

If the requirements of the defense program were known with certainty in advance, the Division would know how much material was available to distribute to civilian industry. It would then be possible to allocate to each industry specified amounts of steel, copper, nickel, etc., for, say, a 3-month period. Every firm could plan its production with the assurance that its full allocation would be delivered.

Unfortunately, the amount of materials available for civilian use cannot now be estimated in advance with any accuracy. Increased needs of the military may at any time reduce the residual supplies. Therefore, it is impossible to allocate materials to all industries, because the Division cannot be sure how much it has to allocate. In these circumstances, it would be manifestly unfair to make a guarantee of deliveries of materials to one industry, for this would only increase the uncertainty under which other industries must operate. The Division has, consequently, been forced to set "ceiling" quotas, without guarantee of delivery of materials.

There is no established policy that the "ceilings" should be on output of final goods rather than input of materials. The Division chooses the method of limitation which is administratively the most convenient and fits the circumstances of the individual industry. In the case of automobiles, the desire to release productive facilities for defense work was one factor favoring the curtailment of production.

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[1] See footnote, p. 7447.

Question 7: How are the factors discussed above related to the curtailment of automobile production?

The considerations described above dictated the extent of the automobile curtailment. The most important, besides the extent of the material shortage, include the availability of alternative employment for displaced workers, the adaptability of auto facilities to defense production, and the relatively slight sacrifices that would be required of consumers.

REABSORPTION OF AUTOMOBILE WORKERS

Workers displaced in the automobile industry are likely to be reabsorbed much more quickly than workers in most other industries subjected to limitation programs. The producers of automobiles are concentrated in the Detroit area, where it is estimated that defense work and increased production of trucks and busses would offset the displacement of employees from passenger-car production. The conversion of automobile plants to defense (itself stimulated by the curtailment) will increase the absorption of automobile workers. In drafting the program, the Division drew upon established agencies for information on the displacement of automobile labor and opportunities for their reabsorption. The Division was in continual contact both with the Department of Labor and the Labor Division of Office of Production Management. The automobile curtailment was carried through with full knowledge of its effect upon employment. The Division was ready to face the large volume of unemployment in the automobile industry because far greater unemployment would have resulted elsewhere if the materials had been denied to other industries. Furthermore, we knew that Detroit and other automotive centers would soon increase defense production sufficiently to absorb practically all displaced workers. But even in the absence of these opportunities for reabsorption, curtailment would have been necessary because of the great quantities of scarce materials used by the industry and the postponable consumer demand.

The automobile cut was graduated in order to decrease the amount of unemployment between jobs. A slow tapering off of civilian production in the industry was impossible, and perhaps even graduation to the degree finally included was inadvisable. Tapering off requires larger quantities of materials than a precipitous cut. The generosity to the automobile industry in this regard no doubt aggravated the material shortages of many other industries and enlarged the labor displacement beyond what it should have been had an immediate curtailment been implemented.

CONVERTIBILITY TO DEFENSE

In the case of the automobile industry, while the pressure of material shortages was sufficient to justify a severe cut, an important factor was the knowledge that automobile facilities, manpower, engineering skill, capital, ingenuity, and initiative could be adapted to defense production just as it had been in England, France, Germany, and Canada, and to some extent already in the United States. Automobile producers who estimated before curtailment was announced that only 15 percent of their capacity could be diverted to defense before the program, found upon reconsideration that as much as 50 percent conversion was possible. And probably even this estimate is low. In order to promote reemployment and speed defense production, Office of Production Management sent out a group of engineers to find out whether automobile manufacturers could produce more defense items. Although the final answer will not be known until the full pressure of the curtailment program is felt, some indication of the probable result was obtained. Conversion estimates were sharply raised. In many cases where a plant could not turn out a finished military product, it could produce some necessary part. Certain companies whose peacetime goods met no very high precision requirements found that their existing equipment could produce some of the most delicate and complex items needed by the armed forces.

Presumably, automobile producers will find much of their equipment adaptable to defense production and will help achieve the President's request that the going organizations of the great plants in the consumers' durable goods industries be transferred to defense. Although there will be some cost incurred in the changeover and some delay, these obstacles are extremely small compared with the difficulty of creating new defense plants.

The New York Journal of Commerce, on October 5, reported that the automobile industry was rapidly developing a program of tank construction for "the double purpose of supplying an 'urgent' item in the defense program and absorbing the slack in automotive employment * * *. *A way has been found* to put the new program promptly into such a production stage that it will take up many of the thousands of unemployed in Detroit and Flint. The new program *will largely make use of existing factory and machine facilities.*" [Our emphasis.] The report added that those in touch with the program were hinting "at a sensational new development in production technique * * * which will 'surprise the world.'" Such surprises can only be welcomed.

SACRIFICES TO CONSUMERS

The reduction in new car output will mean little or no reduction in the existing stock of cars. Consequently, there is no likelihood that the supply of automobile service will be impaired. Over the last 10 years scrappage of automobiles is estimated at an average of less than 2,000,000 vehicles against a proposed production during the model year, 1941–42, of 2,151,000 cars. Actually, the rate of scrappage will probably be reduced because the higher prices of new automobiles, excise taxes, the reduced new and recent used-car supply, and the higher level of income taxes will discourage people from buying new cars or better used cars. The smaller rate of scrappage which is to be expected should, therefore, result in an enlarged stock of automobiles on the road in spite of the curtailment program. Consumers will, therefore, suffer no loss in automobile service.

Even if it later proves impossible to maintain our enlarged stock of automobiles, a decline in the number of automobiles on the road would probably not lead to great hardship. In the first place, plans were made to permit the production of busses at a rate as high as that attained during the first half of 1941. Though automobiles cannot be considered as purely an instrument of luxury or pleasure, they are, nevertheless, in many cases, merely a convenience. Though certain individuals will be denied passenger cars who may want them and be able to afford them, the inadequacy of the supply will, in most cases, merely compel them to forego the pleasure of driving to work rather than taking a public carrier or deprive them of the enjoyment of pleasure driving.

Question 8: How was the exact extent of the automobile curtailment arrived at and how was the allocation to individual producers determined?

In determining the exact amount of the cut in automobile production, the considerations referred to in answering question 4 were carefully weighed; but it was impossible to give a precise mathematical weight to each. The aim of the program was to reduce total automobile output to half that of the 1941 model year. But in dividing the market among the various producers, an average of the 3 model years 1939 to 1941 was believed to be a fairer indication of the competitive positions of the firms than any single year. Large companies were cut 40 percent from their average annual output during these 3 model years; and small manufacturers, 15 percent.

The primary reason for curtailing the output of individual concerns unequally is the desire to maintain the usual peacetime competitive relationship between the various concerns after the emergency is over. Equal treatment of all producers would have an unequal effect upon their post-war standing the automobile market.

The importance of the dealer organization to the profitability of an automobile manufacturer is very great. The loss of dealer representation in a community would limit the possibility of making sales. More important, perhaps, is the likelihood that buyers already owning the make of automobile that loses its single dealership would develop an antagonism to the company because of their inability to secure replacement parts and reliable service. Large automobile companies often possess many dealerships in the same localities that are served by one dealer selling the cars of one of the "Small Five." When a reduction in output makes it inexpedient to maintain all outlets, the dealerships of the large manufacturer can be combined; but the small company will be unrepresented, because the same decline in output and sales would compel its dealer to go out of business. Therefore, to maintain as far as possible the status quo in the automobile market, the output of the small manufacturers was cut only three-eights as much as the output of the large ones. No such general rule can be perfectly equitable, but it was less discriminatory than uniform curtailment of all the firms.

The ability of each firm to transfer to defense, the availability of alternative employment, and the need for laborers of a particular skill in the community were considered. But deviations from a general principle lead to endless appeals and the danger that the more heavily curtailed firm will charge that it has been discriminated against. Consequently, it has thus far been the policy of the Division of Civilian Supply to divide concerns in a given industry into several size groups and give uniform treatment to all concerns within each group. In the automobile industry, one exception was made, because the base period was inapplicable to a new manufacturer.

Question 9: Was the effect on the "feeder" industries taken into consideration in determining the automobile curtailment programs?

The automobile industry was considered as a whole—parts makers together with assemblers of finished automobiles. The curtailment was intended to reduce the use of scarce materials by the makers of parts. The makers of replacement and repair parts and the operators of service stations will be benefited by the curtailment program, since, in the absence of new cars, it will be increasingly necessary to maintain old ones in good working condition. A preference rating of A-10 has been assigned to manufacturers of repair parts for passenger automobiles and light trucks.

Question 10: What are the prospects for further curtailment in the auto industry?

The prospects for future curtailment in the automobile industry, as in every civilian industry, depend on the future defense requirements for raw materials and productive facilities. The division does not know definitely the future needs of the Army and Navy and the lend-lease program. Consequently the extent to which it will be necessary to curtail civilian industries in the future cannot now be estimated. But as it seems probable that a greater share of our national income will be devoted in the future to the task of defeating Hitler, increasing shortages of materials and facilities for civilian production must be expected. Further curtailments of the production of civilian passenger cars are, therefore, quite likely.

Question 11: Why were the companies involved given so little notice as to the extent of curtailment? Would not a long-range program, set forth in advance, have permitted the adoption of measures to reduce dislocation and unemployment?

The automobile program was not imposed upon the industry without adequate warning. The industry was informed last May that passenger-car output would be curtailed over 20 percent in August. At the beginning of July a series of conferences was started, at which the necessity for a greater curtailment was discussed with representatives of the industry and labor. Thus the limitation on passenger-car output was preceded by at least 3 months' notice.

It is not always possible to give long advance notice of programs, nor even always desirable. The speed of action depends on the suddenness with which material shortages appear.

A long-range program set forth in advance facilitates measures to reduce dislocation and unemployment. It was in the hope that the automobile industry would undertake a large-scale conversion to defense that the necessity for curtailment was announced several months in advance. In addition, the curtailment was made gradual in order to reduce the dislocation incident to a transition from civilian to defense production. However, it is not possible to set forth with any confidence an exact long-range program, because the Division does not know in advance the requirements of defense for materials and equipment, which are in turn dictated by the course of international events. Finally, advance notice of curtailment often encourages additional buying by consumers and dealers.

Question 12: To what extent did industry participate in the determination of a curtailment program?

The automobile industry was called together many times before the curtailment program was finally implemented. Members of the staff also had many personal conferences with executives of all ranks, from all branches of the automobile industry.

Moreover, in formulating our program for the automobile industry, we solicited the views of representatives of the automobile unions. They cooperated with the Labor Division of the Office of Production Management in planning for the reabsorption of displaced workers through the establishment of training programs, arranging for the rehire of displaced workers by automobile plants on their defense projects.

The curtailment, as finally determined, was issued at the end of a conference at which the Office of Production Management, Office of Price Administration and Civilian Supply, industry, and labor were all represented.

Question 13: What other industries may be subjected to curtailment programs in the future?

Since the announcement of the curtailment of automobile production, an order has been issued limiting the production of domestic mechanical refrigerators to about 56 percent of sales during the year ending June 30, 1941. The Supply Priorities and Allocations Board has announced that no scarce materials can be made available for nonessential construction. Orders limiting either production or the consumption of scarce material are contemplated for the following products, among others: Domestic ice refrigerators, washing machines and ironing machines, domestic vacuum clearners, metal office furniture and equipment, cooking stoves and ranges, miscellaneous domestic electrical appliances, coin machines, and metal household furniture. All civilian industries which use materials or equipment needed by the defense program may eventually have to be formally curtailed.

Question 14. Has the Division of Civilian Supply, or O. P. A. C. S., put forward at any time a policy for industry, which, if adopted, would have averted the prospective large scale priority unemployment?

"Defense unemployment" cannot be avoided in the course of a rapid diversion of national resources. It can be reduced by speeding up the diversion of labor to defense work and Office of Production Management has made great efforts to assist in this direction. The Division of Civilian Supply tries to avoid taking scarce materials away from industries using small quantities and supporting a large volume of employment. The Director of Civilian Supply, Leon Henderson, has long endeavored to secure increases in a capacity to produce many of the materials now so scarce.

Question 15. Has the Division of Civilian Supply any program for industry applicable at the present time, consistent with maximum national defense production, to minimize the extent or duration of priority unemployment?

"Defense unemployment" will be substantially reduced only by an expansion of the production of raw materials and the diversion of labor to defense work. The greater the supply of steel, copper, and other scarce materials, the more jobs there will be. But expansion of capacity itself requires scarce materials, temporarily increases the necessity for curtailment of civilian industry, and may even interfere with defense production.

"Given limited capacity, labor displacement is inevitable when the Nation shifts from the production of consumers' goods to the production of munitions. The Division of Civilian Supply can only attempt to minimize "defense unemployment" by directing the flow of materials to those channels where they provide maximum employment.

Question 16: What recommendations does the Division of Civilian Supply offer to take care of the human problems created or about to be created by the curtailment programs?

It is not the direct function of the Division of Civilian Supply to take care of displaced workers. Th Division of Civilian Supply does, however, seek to minimize the extent of labor dislocation by distributing scarce materials between industries after taking account of the amount of employment given by the use of materials in each. But the suffering brought about by a curtailment program is an inevitable outgrowth of the defense program which should be borne by no single group. The compensation of displaced workers should be considered no less a cost of the defense program than the cost of armor-plate for battleships, and should therefore be borne by the whole community.

This is a function in part of established agencies, the Work Projects Administration and the Social Security Board, and in part of the Division of Contract Distribution and the Labor Division, which have been set up within the Office of Production Management to deal with the problem.

Question 17: Did the Division of Civilian Supply take into consideration problems of post-war readjustment in determining curtailment programs and their probable effects on conversion of plant and labor forces?

Post-war readjustment will be considerably eased if the curtailment program results in extensive conversion of existing plants and labor forces to defense use, If nearly all munitions were made in new plants especially built for that purpose the end of the emergency would find us with much idle industrial capacity. Large numbers of people might be stranded in "ghost towns", where they had moved at much sacrifice. But if the automobile and other consumers' durable goods industries are able to convert to defense production, they will be able to convert back again, and their workers will be spared the ordeal of twice uprooting their lives.

Moreover, curtailment of the output of automobiles and other durable goods over an extended period will give industry a large backlog of unfulfilled demands after the emergency. This should help to prevent a post-war slump.

NATIONAL DEFENSE MIGRATION

THURSDAY, SEPTEMBER 25, 1941

House of Representatives,
Select Committee Investigating
National Defense Migration,
Washington, D. C.

AFTERNOON SESSION

The committee met at 1:30 p. m.

The Chairman. The committee will please come to order.

Our first witness this afternoon will be Professor Haber.

TESTIMONY OF WILLIAM HABER, PROFESSOR OF ECONOMICS, UNIVERSITY OF MICHIGAN, ANN ARBOR, MICH.

The Chairman. Professor Haber, I feel we owe you an apology. We had scheduled your appearance for this morning, but we spent about eighty or ninety billion dollars, and it took considerable examination to develop just where that money was going; but we appreciate very much your coming here. We look upon you as one of our most important witnesses, and we hope we haven't inconvenienced you.

Dr. Haber. Not at all. It was a very worth-while hearing.

The Chairman. Professor, it has been a very interesting investigation.

In the last session we visited NewYork, Alabama, Illinois, Nebraska, Oklahoma, and California. We were then investigating the migration of destitute citizens. Then we were continued to investigate national-defense migration, which involves a couple of million people who have left their home States and gone to these defense centers.

As I understand it, you have been interested in that migration yourself, Professor Haber, and have been studying it?

Professor Haber. Very carefully.

The Chairman. I am glad to know that. As we go around the country, we don't attempt to cross-examine witnesses or assume any crusading role. We are simply a fact-finding body, and we have been received by the press and public very generously.

Congressman Curtis will interrogate you.

Professor Haber. If I may respond to your kind comment, Congressman Tolan, I think the hearings and the testimony accumulated by this committee are going to make a very genuine contribution toward an understanding of some of these problems.

I have been immensely impressed with the report of your committee. It has in it observations dealing not only with the current situation, but some very significant findings in connection with the outlook after we are over the present emergency.

The CHAIRMAN. Millions and millions have been spent for the perfection and regulation of the materials, the creations and tools of man, and a great body of law has been built up in this country to control the interstate traffic in these things. But this is the first time our Goverment has given its attention to the movement of the human element that is wandering aimlessly from State to State, looking for work.

Because of your interest in this problem, Professor Haber, I am going to send you a brief in the case of *Edwards* v. *The State of California*, a case in which one Edwards was prosecuted for transporting his brother-in-law, Duncan, into the State of California. Edwards was convicted. It is now on appeal to the Supreme Court of the United States. It is a very interesting case, and I shall not forget to send you a brief.[1] It is interesting to note that 28 States of the Union today make it a crime to transport a poor or indigent citizen from his home State to another State. Michigan is one of them, and here you have the Federal Government today urging them to leave for defense purposes.

You may proceed, Congressman Curtis.

Mr. CURTIS. What is your full name, Professor?

Dr. HABER. William Haber.

Mr. CURTIS. And with what institution are you connected?

Dr. HABER. I am professor of economics at the University of Michigan.

Mr. CURTIS. Located where?

Dr. HABER. At Ann Arbor.

Mr. CURTIS. And you serve also as chairman of a Presidential committee, do you not?

STUDYING RELIEF PROBLEM OF PAST 10 YEARS

Dr. HABER. I am chairman of a committee appointed by the President. The committee is one set up by the National Resources Planning Board. It is known as a committee on long-range work and relief policies. It has been studying the problem of public aid of the past 10 years, with a view of finding out to what extent our experience may guide us in the future, to what extent these measures have been of a transitory emergency nature, and in what directions we ought to go.

The report of the committee is in its final stages, and will be completed in the next 2 or 3 months.

Mr. CURTIS. And will be submitted to the President?

Dr. HABER. That is correct.

Mr. CURTIS. And how long has that committee been working?

Dr. HABER. About 18 months with a staff gathering the data, in consultation with the agencies; but the committee is independent of any administrative agency, and is located in the National Resources Planning Board.

Mr. CURTIS. How many persons are on the committee?

Dr. HABER. The committee has eight members.

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[1] Select Committee Investigating National Defense Migration, committee print, Analysis of Material Bearing on the Economic and Social Aspects of the case of *Fred F. Edwards* v. *the People of the State of California* (No. 17, October term, 1941, Supreme Court of the United States, Washington, 1941).

Mr. CURTIS. Are all of you professors of economics?

Dr. HABER. No; four of the members hold positions in agencies of Government, the Federal Security Agency, Office of Production Management, the Office of Civilian Defense, and the Department of Labor. Four are public representatives: Father Haas, of the Catholic University of America; Fred Hoehler, of the American Public Welfare Association; Mr. C. M. Bookman, director of the Cincinnati Community Fund; and myself.

Mr. CURTIS. Professor Haber, will you please give this committee your views as to the adequacy of our system of unemployment compensation?

We are particularly interested in your opinion as to the type of unemployment for which the present system was designed, and how the present system of benefits will stand up under the impact of priority unemployment.

PRIORITY UNEMPLOYMENT

Dr. HABER. I should like to start with the latter part of that question, about "priority unemployment".

I have followed the discussions of this committee in the last 2 days on that subject. There is no doubt that it is a serious problem, very likely to affect not only thousands of workers in Michigan, but perhaps millions throughout the country.

I am more inclined to take the point of view of Congressman Sparkman this morning, the view that "priority unemployment" is inevitable. In an effort to achieve a national-defense economy, dislocations will take place.

I think it would be unfortunate if, because of dislocations, we permitted ourselves to do anything to slow up our efforts of defense.

What I believe we ought to do is deal with the problem which involves these people, rather than to attempt to slow up our defense efforts.

I don't like the term "priority unemployment" because it tends to get our minds to think in terms of some special program to deal with "priority unemployment," and we will find ourselves very soon setting up a different kind of program to deal with a special type of unemployment.

Today we call it priority unemployment. If 6 months from now we decide we are going to make only airplanes instead of tanks and the process of converting tank plants into airplane plants results in unemployment for tank workers, we would call it some other unemployment problem, perhaps conversion unemployment.

There are many people who have proposed that we set up a separate scheme to deal with priority unemployment. I think it is important for us to realize that priority unemployment affects not only defense workers, but other workers, maybe just as much as a defense worker. It affects the Fuller Brush man—he may be unemployed because of priorities.

The Fuller Brush man may be just as much subject to priorities unemployment as the automobile worker, if for some reason or other he can't get brushes or bristles. It seems to me that this concern is a commentary on our feelings, that there is something inadequate, about our methods of dealing with unemployment, of which priority unemployment is one.

Mr. CURTIS. In other words, to a man who is unemployed and to his family and to his community and to the Nation at large, the problem is the same, regardless of the cause?

Dr. HABER. Correct. We only complicate the matter by setting up special schemes to deal with special groups.

If priority unemployment cannot be taken care of by present methods, then there may be other kinds of unemployment that cannot be taken care of. We ought, therefore, examine the entire schedule for dealing with the whole problem.

Priority unemployment presents a special threat, first, because it is concentrated in certain areas, areas in which the defense industries have been concentrated, whereas the system of reserves for the States did not anticipate the type of unemployment to which they will be subjected.

What I mean, Congressman, is this: Priority unemployment is a national problem. It happens to be located here, or in California, or in New Jersey.

RESERVES FOR UNEMPLOYMENT INSURANCE

The unemployment compensation law is a State law, on the basis of State reserves. We may talk about the $2,300,000,000 reserve for unemployment insurance in Washington. I think "reserve" is a misnomer. That $2,300,000,000 reserve is composed of 51 air-tight compartments. You can't transfer the surplus of one State to the deficit of another State.

Priority unemployment in a State like Michigan may cause a serious drain upon the insurance fund, and introduce very genuine dangers in its preparation to meet possible defense unemployment. That is likely to be much more severe, both in magnitude and in duration, than priority unemployment.

So my reaction to your question, Congressman, is to say, first, that the present unemployment compensation laws are not suited and ought not to be expected to deal with a problem the origin of which is national, but the incidence of which is State. We ought to recognize that. If we don't, we will weaken our efforts to get ready for the post-defense period.

INADEQUACY OF UNEMPLOYMENT BENEFITS

Second, one may raise some very serious question whether the amount of benefits we have and the duration of unemployment benefits are adequate for this particular group of workers.

Even though priority unemployment is temporary unemployment—at least I hope to think of it that way—the problem should not be underestimated; but I don't think it should be exaggerated either. I am a little bit afraid that we are likely to get too excited about it.

It is an inevitable problem, and we must deal with it; but I do not believe that a system which provides benefits for 10 weeks in terms of $10 or $12, taking national averages, is adequate to deal with any kind of unemployment. I believe we ought to avoid setting up emergency measures to deal with priority unemployment, because we will only confuse ourselves.

We should definitely examine our methods of providing for the unemployed, as to whether they are adequate for any type of unemployment, which at the moment we happen to call priority unemployment, and 6 months later by some other name, and 2 years later by a third name.

Have I answered your question?

Mr. CURTIS. Yes.

What changes would you suggest in order to meet the present emergency? You may have heard witnesses before this committee estimate the number to be unemployed as a result of the automobile cut at as high as 200,000.

Dr. HABER. I think our unemployment insurance law must be examined as to whether its benefit structure in terms of weekly payments and its average duration of payment are adequate. I think they are not adequate for priority unemployment or any other type of unemployment, and if this discussion calls for a review of the shortcomings of our present methods of dealing with the problem, there are obviously other changes.

Mr. Larned suggested this morning, I believe, that perhaps on a temporary basis we might increase the available appropriations for jobs for W. P. A. in areas such as this.

No one can quarrel with that suggestion. I for one doubt very seriously, however, whether work relief is the best method of dealing with priority unemployment. It is obviously going to be of short duration. Whether "short" means 10 weeks or 3 months or 6 months, no one but the circumstances, the speed of conversion, will determine; but I think the work relief measures ought largely to be dedicated to long-time unemployment and not to temporary unemployment.

SUGGESTS BENEFIT PAYMENT PERIOD BE EXTENDED TO 26 WEEKS

We ought to perfect the measures of cash benefits—that is, unemployment insurance, and from that point of view I think that we ought to aim definitely at a fixed duration of 26 weeks in our unemployment insurance law. I say "definitely" because if you examine the average duration of normal unemployment—and I am not talking about a depression, but about normal seasonal unemployment or a normal technological unemployment—you will find the present unemployment insurance laws are woefully inadequate.

I don't know whether this committee is aware, for example, that last year 50 percent of all the insured workers in the United States were still unemployed when they got their last checks, and in one State 80 percent were still unemployed when they got their last checks. In Michigan the proportion was about 45 percent.

If unemployment insurance is designed to provide cash benefits for weeks of unemployment, we have got to be realistic and find out what is the average duration of unemployment. We will find that we have made some pretty bad calculations when these laws were framed, and I am as guilty of that as anyone else.

Mr. CURTIS. Do you feel that our objective should be that the Government, both State and National, should assume the whole job of providing for an unemployed person and eliminate the individual's responsibility to himself? Do you think our ultimate objective should be for unemployment compensation to carry everybody clear on through their period of unemployment?

Dr. HABER. No, Congressman. I don't believe that it is the function of Government, through legislation, to destroy to the slightest extent the individual's reliance upon his own ingenuity, his own resources, his own capacity. But, it is a responsibility of Government not to delude itself, and if our examination of average income convinces us that dire privation takes place, then we ought not to satisfy our conscience by saying that it is the individual's responsibility.

The last 30 years have transformed the economy of our country. We call it progress. The standard of living today is a result of that kind of progress, and it couldn't have been achieved except for the tremendous institutions of American enterprise that we have developed.

INSECURITY OF AVERAGE WORKER

But simultaneously with that progress, certain other changes have taken place, and outstanding among those, Congressman, is the tremendous increase in the insecurity of the average worker. He depends on a job. A job is a relationship that he doesn't create. Somebody else has to create it. In our agricultural economy, if he doesn't have a job, his large family, his savings, or some other resource, took care of his need. For that reason I believe that while the Government unemployment insurance system ought not to aim to take care of a worker 100 percent the very moment he is in adversity, it ought not evade an examination of the problem whether he is in a position to help himself; and if we conclude that he is not, we ought to provide for him.

Now, by the "individual helping himself," we mean through savings, through odd jobs, and so on. The figures on savings, I think, are already in the record at earlier hearings of this committee, and they definitely reflect the change that has been taking place since 1930. I am of the opinion that when the average industrial worker loses his job after 10 years of unemployment, he is out of funds after a short period.

Dr. Lamb. In that connection, Professor, I would like to ask whether the system of unemployment compensation is not substantially a system of insurance, job insurance, as compared with other forms of insurance against accidents which may befall the individual.

For instance, for protection against the accident of falling down a flight of stairs and breaking a bone, which lays you up for a period of time, you insure with an insurance company; and because you are one of a limited number of people who fall downstairs and break a leg and are laid up, that insurance company is able to take care of you.

Therefore, unemployment compensation for such situations as priorities unemployment is correctly described as an insurance scheme. That is to say, we can conceivably insure against a limited volume of unemployment——

UNEMPLOYMENT AND PRIVATE INSURANCE NOT ANALOGOUS

Dr. Haber. Provided we don't put too much of a technical definition on the word "insurance." I don't believe the analogy between unemployment insurance and private insurance is a good one. I think a great deal of our trouble with unemployment insurance arises from our effort to maintain that analogy. To the worker we pay compensation or benefits directly related to his premiums. That is the trouble with our unemployment insurance law. It is actually social insurance.

Dr. Lamb. In this instance, it is a form of group insurance?

Dr. HABER. Correct. Collective insurance.

Mr. CURTIS. Were you here yesterday?

Dr. HABER. I was not.

Mr. CURTIS. It was developed that there is an army of workers engaged in the distribution of automobiles equally as large as the army engaged in the making of them. Those people are not covered by your unemployment insurance, are they?

Dr. HABER. They may be. In most States they are employees. They are working for an employer in a profit-making industry—or should I say, for the present, nonprofit"?

EXPERIENCE RATINGS

Mr. CURTIS. Is the unemployment compensation tax in Michigan geared to experience ratings of individual employees?

Dr. HABER. Does the Michigan law provide for reduction of taxes as a result of experience rating? Yes.

Mr. CURTIS. Now that the employment of a particular firm is influenced to a large extent by Government contracts, how does that affect the justification on underlying experience ratings?

Dr. HABER. Experience rating is, in my opinion, gentlemen, one of the most confusing phases of the unemployment insurance legislation.

I must admit that I was very enthusiastic about it when this legislation was originally considered. I should indicate for the record, in answer to your question, that I think now it is an unfortunate part of the unemployment insurance law.

The objective of unemployment compensation is to pay benefits to unemployed workers so they may maintain such standard of living as such benefits permit. That is the only objective. It ought not to be saddled with any other objective—particularly if the other objective defeats the first one.

The introduction of experience ratings, I am sorry to say, is rapidly contributing to the defeat of the first objective of paying benefits; and the major interest in States where experience rating is beginning to operate is in ways and means of saving the tax and cutting the rate through one device or another. For that reason I believe that it represents a very definite threat to the financial stability of the unemployment compensation law. It is very likely that our unemployment compensation tax may go down to an average of 1½ or 2 percent, instead of 3.3, thereby making it useless as a means of dealing with the post-defense situation.

But there are additional reasons why I believe that this committee ought to give very serious consideration to the question of experience ratings.

The system of experience ratings was based on a theory that the employer, under the incentive of tax reduction, would do something about cutting unemployment.

An examination in the States where it has operated shows that the industries which have had lower rates because they have had less unemployment are naturally industries with less unemployment, and would have had less unemployment with the same rates. They are industries in which fluctuations are well known to be less than the average.

Now, I do not want to be misunderstood as implying that we ought not to include every conceivable device to encourage stabilization and regularization. I think those are sound and necessary. I only wish it were possible, after watching this thing for several years, that those devices were removed from the unemployment insurance law and tied up with an income tax or some other tax device, so that they do not contribute to the defeat of the main objective of unemployment compensation—that is, the payment of benefits.

I think there is a very genuine threat in experience ratings. For that reason I hope that this committee can find time to give serious consideration to what extent experience ratings might not be an unfortunate aspect of the law in relation to its ability to meet the post-defense problem.

Mr. CURTIS. You feel that the development of incentive among employers to spread the work out and give year-around employment should be covered in general tax laws and by other methods rather than in laws governing the amounts paid into this fund. Is that correct?

Dr. HABER. That is my conviction. This fund is society's method of assessing upon each industry a tax for the purpose of building up the collective insurance that Dr. Lamb was talking about. We ought not permit the industries which can best contribute toward this fund to be exempt from it, particularly when the reason they have less unemployment is not that they are particularly brilliant or ingenious. They happen to be industries in which there is naturally less fluctuation.

Look at the current situation. How much control does the individual employer have over priority unemployment? He is helpless under the influence of national policy, and I think that is generally true of most unemployment.

There is one type of unemployment that the employer can attribute to normal turn-over. Some of it is seasonal unemployment. He can contribute toward the regularization of seasonal changes. I do not believe that that is enough of a contribution, however, toward the whole task of providing security for unemployed people.

I want to say that I have come to my conclusion in regard to experience ratings very reluctantly. When the Michigan law was passed I was one of the strongest advocates of that particular provision.

SUGGESTED CHANGES IN SYSTEM

Mr. CURTIS. Have you given any thought, Professor Haber, to the question of changes in the unemployment compensation system to meet the needs of the post-emergency period, if it is possible to look that far ahead?

Dr. HABER. Yes, sir; I have. And I am pleased, Mr. Chairman and Congressmen, that this committee is giving thought to the post-emergency period.

We can make serious blunders, I believe, in social policy in America today, with the whole energy and interest of everyone properly concentrated on the current situation, if we fail to recognize what we will face 2 or 3 or 5 years from now.

Congressman Tolan referred to the two or three million people who have become migrants in defense industries. Let us realize that when we reach the peak of defense production, probably 50 percent of our industrial capacity will be engaged, and perhaps nearly 50 percent of our national income will be devoted to defense. We must be quite realistic and make studies now—as difficult as these problems are, and as uncertain as one must be about the conclusions—about the kinds of problems we are likely to face.

ARGUMENTS AGAINST POST-DEFENSE DEPRESSION

There are a great number of people in this country, and you gentlemen have met many of them who say that when the post-emergency period comes, we are not going to have a business depression. They explain this mainly by three arguments. They say, first, that the workers are not going to be able to spend all their money for goods now, as a result of the priorities; they are saving money; they are going to get good wages, even better than they are now getting, and therefore, when the post-defense period comes, there will be a terrific volume of consumer spending power ready. Second, they say that community and public projects—public works and particularly housing—will be available in unprecedented volume. And third, they say that this country will have a great role to play in rebuilding the world; they point to the poverty in South America and China and India, and see there an unlimited demand for American products.

These are all sound arguments; yet I think it would be short-sighted indeed if we assumed because of them that we are going to avoid a post-defense problem.

CHALLENGE OF READJUSTMENT PROBLEMS

The readjustment which will be necessary challenges the imagination today. Perhaps 25,000,000 people may eventually be engaged in these defense industries, and the problem of converting defense items to consumer items will be just as serious as the problem of converting automobile production to defense production. You will have the same problems, but you will call them by some other name—not priority unemployment. They might be problems of transporting people back to the places from which they came.

I, for one, on the basis of as careful and calculated consideration as I could give to it, believe that our country should plan and plan now to meet the problems of fifteen to twenty million unemployed people. No one is prepared to say how long such a condition will last, or whether it will come suddenly or gradually. I think it would be tragic if it were sudden, but that will depend largely upon the policy which the Government will follow in staggering lay-offs. The policy the Government is going to adopt in its contracts and in the manner of termination of these contracts, will determine in great part what we are going to face. The contracts could be so worded as to provide for a gradual easing off.

But whatever happens, the readjustment of the various economic and social and industrial factors is going to challenge every capacity that we have; and, therefore, I am pleased, gentlemen, that you are raising these questions now.

I don't think the measures adopted during the 1930's for dealing with this problem are adequate to meet the prospective situation of the 1940's, especially in the matter of unemployment insurance, and I should like to indicate what seems to me to be the two or three basic weaknesses.

UNEMPLOYMENT BENEFIT RESTRICTION

First, our unemployment insurance laws cover only 50 percent of the gainfully employed population of this country. The other 50 percent are kept out of it for administrative and other reasons. We didn't think we could handle employers who only had one or two employees. We have learned now, in our experience with old-age insurance, that those administrative hurdles can be easily overcome.

There were also political reasons. We thought we should not become involved in arguments as to whether farm labor or domestic workers or employees in nonprofit institutions should be included.

I think we have learned enough in the past 5 years to say that if we want to include those people, we can. There are no obstacles, financial or administrative, that cannot be overcome. The thing we have got to realize is that about 50 percent of the gainfully employed workers are covered by our unemployment insurance laws, and that the others are not.

In addition—and I think this is a point that needs emphasis—of those covered, about 15 or 20 percent cannot get benefits because the benefit formula under which our laws operate excludes people unless they happen to have earned certain sums of money in certain quarters in certain base periods.

In other States, 38 percent of the people who applied for benefits—insured workers—couldn't get them because their earning experience had failed to meet some technical requirement.

Mr. Curtis. Was it that they just hadn't worked long enough?

Dr. Haber. Some had worked long enough, but hadn't earned enough.

Mr. Curtis. What is the minimum?

TECHNICAL DISTRIBUTION GIVES INCOMPLETE COVERAGE

Dr. Haber. It varies. In some States you have got to earn $250 in the preceding period; but the period is so staggered that it must have been at least $50 in each of so many quarters. It is a technical distribution, the result of which is to rule out from benefits people who have low earnings.

One of your questions implied that the unemployment insurance law should not cover such people. Why should they be in an insurance scheme at all if they are not sufficiently regular in their work to earn an adequate sum of money?

I think the facts argue otherwise. These people are regular earners, but of low income. The provision in the law works particularly against women workers. It operates largely against Negro workers. It goes against low-paid workers generally. And I think we should examine it with a view of finding out whether our unemployment-insurance law should not be changed to provide as fully as possible for complete coverage of the entire industrial and gainfully employed population of the United States. I believe it should. I think that unless it does, we will not be adequately prepared to deal with the post-defense period.

Mr. CURTIS. Would you include the bosses as well as the workers?

SHOULD INCLUDE SELF-EMPLOYED PEOPLE

Dr. HABER. I should not put it just that way. I would favor some provision for self-employed people, because the term "bosses" is itself an all-inclusive term that applies to the poor fellow who runs a gasoline station and may be making less money than the skilled worker in the factory. I certainly would include those people in our old-age insurance program. I am less certain as to whether they are a proper classification under unemployment insurance. They are not technically or legally "employees." That is a weakness, I believe, in the unemployment-insurance law.

Another weakness is the benefit amount. You raised that earlier when you asked about priority unemployment. The average benefit of the unemployment-insurance law in the United States is about $10 a week for about 10 weeks a year. I believe $10.67 is the correct figure. The highest-paying State is California.

The CHAIRMAN. My State.

Dr. HABER. And the lowest is South Carolina, which averages about $5.50 per week.

But these averages are deceptive. About 35 percent of the people who got benefits in 1939 got less than $5 a week.

I am not suggesting we ought to be overgenerous; but we ought to maintain a decent standard of living. I believe that, and I present it from a practical point of view. We ought also to have a law which does not compel people to get help from two agencies at the same time. And on the present scale, in the post-defense period people would be getting unemployment-insurance benefits as well as relief simultaneously, or we will be evading our problems.

FURTHER CHANGES SUGGESTED

There is a second aspect of this benefit business, which I alluded to earlier. Our unemployment-insurance law treats a married person with a family of three or four the same way that it treats a single person, on the theory that it is insurance, and therefore the benefits must be directly related to the earnings. We are in effect failing to provide a benefit which is adequate to meet the need.

I should like to see our law get away from the earning requirement. I prefer to see it tied up to length of employment rather than total earnings. The purpose of the requirement is merely to establish the proof that the beneficiary is a regular worker; it should not penalize the person with low earnings.

Third—and I think this is one of the most vital weaknesses—our unemployment insurance laws pay benefits over too short a period of time. I believe we ought to aim, in the post-defense period, at a fixed period of 26 weeks throughout the country.

I should like to go further. I am not certain whether that period is adequate for the type of problem we will have in the post-defense period. A large number of people have urged that we think in terms of an even longer period with some restrictions on benefits beyond 26 weeks.

A FEDERAL UNEMPLOYMENT INSURANCE SYSTEM

I prefer that we think of other measures than unemployment insurance for assistance beyond 26 weeks, such as work relief or general public assistance, and there we enter a very difficult problem, Congressman. I do not believe that these changes can be made in the unemployment insurance law—that is, more adequate coverage, more adequate benefits, a longer duration, which is realistic in relation to the problem. We will have to meet a series of curtailments or restrictions or abolition of experience ratings by keeping the present system of State laws, and I have reluctantly come to the conviction that this national problem will have to be met by national methods. We will have to revise our unemployment insurance law for the post-defense period into a Federal Unemployment Insurance System. I think any measure short of that is going to complicate our problem seriously. Our reserves will be inadequate on a State basis. Even in 1940, there are four States paying out $1.30 or more for every dollar they take in.

The CHAIRMAN. Congressman Osmers of New Jersey contemplates introducing a bill with provision for the change that you are now advocating. I think you have covered the subject very competently.

Dr. HABER. Thank you. It is a very significant and controversial subject, because it gets into the realm of State rights and Federal bureaucracy. But I don't think we ought to be scared by phrases. We must ask the question whether we can handle a problem whose origin is entirely national in character, by setting up funds in 51 air-tight compartments.

It has been proposed by some that we ought to keep this system but set up a Federal reinsurance fund. Thus upon the 51 State insurance funds we will superimpose a Federal reinsurance fund by taking from each State, let us say, 10 or 15 percent of its money and setting it up in a pool. That is a compromise, and like all compromises it runs away from the problem. I don't think it is going to deal with the issue. We need a flexible method. The present one is not. It is rigid. Flexibility requires, not that we pool 10 percent of our collections, but that we pool 100 percent of our collections.

SHOULD ESTABLISH FEDERAL STANDARDS

The other proposal is that we keep the Federal-State relationship but establish Federal standards, whereby the Federal Government will say to the State, "You must pay for 26 weeks, and if you have experience ratings, these are the conditions and these are the requirements."

I am afraid that also is running away from the problem. It is going to complicate an already complex administrative relationship between the Federal Government and the State governments. I strongly urge that this committee give very serious consideration to the question whether our present systems of unemployment insurance can handle the post-defense problem, involving a volume such as I have suggested. This is not meant as a forecast. It is risky to make any forecast. But I think it is a question we cannot evade.

What I have said about the unemployment insurance law applies with equal force to the State employment services.

NEED AN OUTRIGHT FEDERAL EMPLOYMENT SERVICE

I believe that the present experience of the Nation indicates the extent to which we are rapidly changing from a local labor market to a national labor market. We are calling upon our labor reserves, not only here, but wherever they might be. I think we can handle that mobilization more effectively with an outright Federal employment service than with the present Federal-State service.

I hope I have answered your question.

Mr. CURTIS. Yes. We spoke a moment ago of the inclusion of the employer or proprietor of small businesses in the unemployment compensation program.

Perhaps the "employer" doesn't employ anyone. Perhaps he has a one-man business, or a two-man business. The fact that he feels insecure makes him long for what he terms "a good job in industry" and he is willing to turn the key on his place of business and go into that. I have talked to hundreds of such men, and I know how they feel.

Isn't that creating a further unemployment problem, with all of these people seeking jobs? They are registering with the employment services. They are listed as job seekers, and they are job seekers, and they are taking jobs away from others. I think that trend is in the wrong direction.

You have a situation here in the United States now where small businessmen have the hope and ambition to become an employee instead of an employer.

Dr. HABER. It is quite a change.

Mr. CURTIS. Do you think that is true?

Dr. HABER. Yes; I think it is a problem that fluctuates in its importance with the passage of time. I don't think it remains the same for a long period. But let me point out, Congressman, that the small businessman is a risk-taker. He is in business.

Mr. CURTIS. Yes; and he thinks that you are providing security for the employee and not for him; and he further feels that the Government has kind of made war on him pretty much on all fronts.

POSITION OF SMALL BUSINESSMAN

Dr. HABER. The assumption in taking risks is that if he earns more than he needs to meet his current living expenses, he can provide for the rainy day. That is the assumption. If the assumption is wrong, then you have a real point.

I don't think it is wrong. I do think, however, that the state of morale of the small businessman is bad, and I think that deserves some very serious attention.

Mr. CURTIS. He is unorganized and he isn't able to express his resistance to tax programs and such.

Dr. HABER. I favor very definitely the revision of our old age insurance law for the inclusion of the self-employed person, but perhaps on a different plan. I am not certain about the feasibility of the unemployment insurance legislation for that group.

Mr. Curtis. In its various hearings throughout the country, studying the effects of migration of workers looking for jobs, the committee has often felt that a great deal of unnecessary migration could have been avoided if people had had more accurate information about the job opportunities in the places to which they came.

Is the present employment service set-up adequate to meet the business problem?

IMPROVEMENT IN EMPLOYMENT SERVICE

Dr. Haber. I think, gentlemen, it is meeting it in an admirable way, and if you knew the employment service only as it operated 5 years ago, you wouldn't recognize it today. A tremendous amount of progress has been made in establishing an employment service in this country. It has some shortcomings. Industry has for a long time been pretty suspicious of the employment service.

I can frankly say that the suspicion of industrialists was for a long time fully justified, and they have not completely overcome it. As a result, the manufacturers are using the Employment Service somewhat less than they might use it. But I should point out that that is not a distinctly current problem.

Great Britain has had an employment service on a national basis since 1911, yet only 25 percent of the placements made in England are made by the employment service. The others are made just as they are made here.

SHOULD BE NATIONAL IN SCOPE

I think the Employment Service can be improved very substantially, particularly in the direction of thinking of our labor market in regional and national terms. As at present organized, it thinks of it in local and State terms, and even "State" is an exaggeration. It works on the theory, presumably, that it uses its local reserves first and then moves on—a theory that isn't always justified when you examine the local situations.

Mr. Curtis. Mr. Stanchfield, in his testimony, stated that the major employers did not use the employment offices to recruit their working force. Do you think any formula devised by the Employment Service could have any appreciable effect upon the movement of workers in search of jobs?

Dr. Haber. If by a formula you mean a law, I would say it might be very undesirable.

Mr. Curtis. No; I don't mean that. I should have said a scheme of dispensing information.

Dr. Haber. I think it could have a very great effect. It is an educational process, and an educational process for skilled and semiskilled and unskilled workers offers something very definite. But that educational process, like all educational processes, is very slow.

Mr. Curtis. And then there is a certain amount of indirect benefits that come from the Employment Service. We can measure them. One individual may go to the Employment Service and get his information and direction about a job, but we have no way of knowing how many people benefit by that one call and get the same information and apply at the gates or at other firms, isn't that true?

Dr. Haber. That is right.

Mr. CURTIS. Dr. Haber, this committee, in its report to Congress last year, recommended a fourth category for relief under the Social Security Act to meet the needs of the unsettled persons. Do you have any opinion on that?

FOURTH CATEGORY FOR RELIEF

Dr. HABER. Yes; I have. I can perhaps go a bit further. Unemployment insurance, too, which has been involved in our discussion up to now, is only one measure, only one method of dealing with the need resulting from unemployment.

I think a very definite shortcoming in this country is the fact that our system of general assistance—general relief, as we usually call it—does not have any Federal assistance, either financial or in terms of supervision or administration or standards; and I believe, therefore, that we are taking a very definite risk in moving toward the post-defense period, without examining to what extent we ought to provide, in addition to unemployment insurance, an underpinning structure which will take care of these people who are going to fall out at the end of 26 weeks or never fall into any of the 26 weeks at all, or who can't get into a works program for one reason or another.

At the present time this is left entirely to the States and localities, to their own resources, to the best of their ability. I am certain they did not meet the problem adequately between 1935 and a year or so ago, and dire privation and destitution prevailed in many of our States where the only general relief available was Federal surplus commodities. I am referring to Texas and to other States where the grants were unbelievably low.

I believe, therefore, that in anticipating the unemployment problem of the post-defense period, we ought to study this need of an underpinning system by way of a fourth category.

I think that is obvious because this very migration that is taking place is going to result, I am afraid, in a very unfortunate attitude toward the migrant. You will find cities in this State starting soon to protect themselves against having to take care of people who aren't their citizens. One city in Michigan is already suggesting that perhaps they should have a 10-year settlement law instead of 1 year, and I don't think that tendency is limited to Michigan. You will find many communities scared by this problem. People who are very much needed now will be very much unwanted a few years hence, and unless we are resigned to seeing those people kicked around, we must devise a method of taking care of them.

We can do it by saying to the State, "You take care of them under your system and we will reimburse you for all expenditures made for unsettled or migrant persons," or we can set up a purely Federal transient system for migrants, or set up a fourth category which is to include this particular group in addition to others.

I for one favor such a fourth category. I am not certain whether it ought to be on a grant-in-aid basis or some other, but I feel that here is an area this committee should explore.

Mr. CURTIS. Do you feel that appropriations for a works program, a general relief program, and increased unemployment compensation will solve the problem of unemployment in the post-defense period?

Dr. HABER. Not at all.

Mr. Curtis. In fact, these measures have nothing to do with the problem of unemployment itself, do they?

Dr. Haber. Not at all. They are national security measures, made necessary because of the problem which exists.

GOVERNMENT SHOULD ENCOURAGE PRIVATE EMPLOYMENT

I should say, in addition, that the Government ought to use every measure and every resource, whether it is subsidy or tax incentive or whatever it might be, to encourage and assist private enterprise to utilize the fullest possible employment of people. I am talking about the problem of people who, for one reason or another, do not get private jobs, and I merely suggest that realistically we ought to be prepared for a large group in that condition. But I do not regard these suggestions as planks in a platform for the solution of unemployment. I should say we shall have a very real obligation in the post-defense period if we are faced with 15,000,000 or 20,000,000 unemployed. Preceding this confusion and process of conversion, a great deal can be done by the Government. I look for intelligent public policy-making to frame a very ambitious program of public works.

Mr. Curtis. As an economist, do you think there is any danger that the Federal Government will have no money to spend on general relief and work programs, or even on unemployment compensation?

Dr. Haber. May I answer the question with another question?

Mr. Curtis. I would rather have an answer, but you may answer it any way you wish.

TOTAL RESOURCES OF AMERICA SHOULD BE USED IN POST-DEFENSE PERIOD

Dr. Haber. I would answer that question by asking: Is there any danger that the Federal Government might not have enough money to finance the present defense effort? We say no, obviously not, because the total resources of America are being used to finance the defense effort. The total resources of America will have to be used to give our people work. Our national income will reach $90,000,000,000 in 1941. It will reach $100,000,000,000 in 1943, or perhaps late in 1942. It is unthinkable we will get up to $100,000,000,000 national income and then let it drop to $60,000,000,000 after we have learned how to keep it at $100,000,000,000.

Mr. Curtis. But you are going to raise it up there with the defense effort. When that effort stops, it is not going to stay up there.

Dr. Haber. How can we keep it up there? How can we keep it up there by methods short of the kind of fiscal surgery we have had to undergo?

We have stopped talking about a balanced budget as being dangerous, to be sure; but unless we continued with unbalanced budgets, we couldn't have financed the defense effort. We might have to do the same kind of fiscal surgery, for a time, in the post-defense period.

Mr. Curtis. Well, is there a limit to how far you can go in that surgery you are talking about?

Dr. Haber. There is a limit, of course. I don't think we have reached the limit.

Mr. Curtis. You would not want to fix the limit?

Dr. HABER. Well, let me say we thought there was a limit in 1936. We thought the national debt of $40,000,000,000 would be about the worst thing that could happen to this country, and $60,000,000,000 was fantastic.

We are living under a $60,000,000,000 debt now.

The situation is not simple; but all I say is that we are dealing with a problem now, and we shall have to deal with a post-defense problem using the total resources of this country which are not reckoned in terms of dollars but in the labor power and other resources of the people and our industries.

Mr. CURTIS. Do you mean the Government will take them all over?

Dr. HABER. No, no; "take them all over" is an over-simplification. The Government should encourage private industry by one way or another, to keep it at work, and it should engage in useful public projects if private industry cannot.

I do not believe that we dare come to a post-defense period and permit our working population, to the tune of 15 or 20 million, to contemplate any probability that they are going to be unemployed through 1, 2, 3, 4, or 5 years.

CANNOT AFFORD A BALANCED BUDGET NOW OR LATER

I think we are dealing with social dynamite that we can't play with. Under those circumstances we shall have to face the issue even if it means discarding some notions which for a long time were regarded as pretty sound and would be sound today if we could afford them.

We can't afford them. We can't afford a balanced budget. It is too dangerous.

Mr. CURTIS. You believe, then, that we have gone through a period in past years, during which we based Federal expenditures on what we could afford to pay, but that in a wartime economy we have to base our expenditures on what we have to have.

Dr. HABER. That is right.

Mr. CURTIS. Now, I understand you to say that in the relief problem that follows——

Dr. HABER. In the unemployment problem.

Mr. CURTIS. Yes; the unemployment problem that follows national defense; we will have to continue with our appropriations for relief and public works and so on, without regard to what we can afford as a nation, but with regard to what we will have to have in order to take care of the unemployed.

Dr. HABER. Yes, the unemployed who are not provided for in regular jobs in private industry. May I amplify that a little?

Mr. CURTIS. Is that your thought?

ANTICIPATING INCOME AND TAX FIGURES

Dr. HABER. Yes. But I should like to amplify that just a little. We are going to have a national income of $100,000,000,000 in 1942 or 1943 or 1944. It depends on how fast we go. Under the present tax rates, not taking into consideration the new tax bill that was signed last week, $100,000,000,000 national income will produce a revenue to the Federal Government of $14,000,000,000.

A program to meet the social security and unemployment compensation problem in the post-defense period, on the basis of such calculations as we have made, probably will call for a Federal Budget of anywhere from $12,000,000,000 to $14,000,000,000.

Mr. CURTIS. If we have a $100,000,000,000 income, we won't have very much of an unemployment problem, will we?

Dr. HABER. That is right. I am saying that the real problem will be to maintain a $100,000,000,000 national income. The Government itself, through loan devices, through direct public projects, through housing, and through a larger program of reforestation and conservation, may itself have to become the creator of national income by employing people.

Mr. OSMERS. I have been very much interested in your remarks on the unemployment compensation program. The fact that your thinking on the subject has changed is an indication in itself that we are still in an experimental stage with such a program, and it is going to be pretty hard to write the ideal bill. But you have given such a clear description of your views on it that I am not going into that. I want to continue a little further on the general economic picture that Mr. Curtis was developing.

I don't think that the average citizen, or the average Member of Congress, is particularly concerned about the country going into debt in a time such as this. The thing that is concerning thoughtful people is that since the start of our social program, some 8 years ago, we have not in any single year of recession, depression, good business pick-up or anything else, been able to break up that deadly relationship of $2 of outgo to every $1 of income.

Now, your picture for the committee of $100,000,000,000 of national income in 1 year certainly is just around the corner if we continue as we are. But we had a man sitting in that chair this morning who said that he anticipated, at the time you anticipate the $100,000,000,000 national income, a $30,000,000,000 annual expenditure for defense. So leaving out all of the civilian needs of the country, we will be back right where we were before, with $2 going out and $1 coming in.

ECONOMIC CONSIDERATIONS

The question that I would like to ask is not how we can get through these emergencies, but, from a still broader viewpoint, how can we run this country permanently on that kind of economy—an economy that never balances itself?

Dr. HABER. It is a very hard question, Congressman, one to which one can suggest answers, rather than state anything categorically.

Mr. OSMERS. There is nothing sacred about a balanced budget, in my mind, but I think we realize that if we are going to continue the system of government that we have now, unless we want to go over to some kind of commodity dollar or some such economy, eventually we are going to have to see a balance somewhere along the road.

Dr. HABER. I am not by any means the pessimist on the post-defense problem. I am talking about the post-defense emergency, the problem we have to deal with when this shock and adjustment takes place.

Mr. OSMERS. That raises a very serious long-time question. The tempo of growth in private investment and exploitation of industry in this country has changed in the last 25 years.

Dr. HABER. Quite true.

Mr. OSMERS. There are some pessimists, who call themselves "unorthodox economists," who say we are in a permanent period of stagnation. They are very much concerned because the population isn't increasing rapidly and the statisticians tell them the trend is going to reach a peak in 1950.

Dr. HABER. It stands to reason that while our population has been increasing every 10 years, a stoppage there will have tremendous repercussions on our economy.

It may very well be, Congressman, that we are getting into a situation in which the full employment of all our people will require that many of them be employed in social projects, such as publicly financed housing, and other works publicly financed.

Mr. OSMERS. We have had some pretty good samples of that over the last 8 years. We have had our W. P. A. programs, our State work-relief programs. We have had all of these palliatives.

Dr. HABER. We have had them largely in terms of relief, in temporary, emergency programs, on the assumption of an immediate return to private industry.

Mr. OSMERS. Let us assume we face the situation and we answer it by putting 10,000,000 people on nonprofit work—call it anything you will, Government work, social work, housing, or any public project. Those people would not contribute taxes to the Federal Treasury. They would be paid out of the Federal Treasury, and it would be silly to pay taxes back into the Treasury.

Dr. HABER. They would pay some.

Mr. OSMERS. I can see that; and I can see a Congress sitting in Washington, enthusiastically, under certain circumstances, passing such a program.

Dr. HABER. What would these people be producing, Congressman?

Mr. OSMERS. Well, that is, of course, the key to it. Would they be producing anything?

Dr. HABER. National wealth.

Mr. OSMERS. National wealth? Now, just a minute. Would that be national wealth of a kind and character applicable to the liquidation of the debts that were being incurred to produce it?

Dr. HABER. Housing, for instance.

Mr. OSMERS. Housing comes close to it. But, of course, there is a limit to housing. We haven't an unlimited future in housing.

Dr. HABER. We can go a long way.

Mr. OSMERS. Yes; we can go a long way, but we can't run an entire national economy on a Federal housing program.

Dr. HABER. No one suggested that. When you get that far you are talking about a collapse.

Mr. OSMERS. Certainly.

Dr. HABER. I am talking of a system of private enterprise, such as we have now, continuing as a system of private enterprise, with the Government stepping in when necessary to insure the continuity of standards of living which our system of private enterprise has not been able to sustain at all times unaided.

Mr. OSMERS. I think I can restate my question now much more briefly. I will put it this way: When are we going to get the money to do it?

Dr. Haber. I have said that on the basis of national income, with present tax rates you have a Federal Budget adequate to finance that kind of lay-out.

Mr. Osmers. Do you suppose that if we had an unemployment problem of 10,000,000 or 15,000,000 people, we would have at the same time a $100,000,000,000 national income?

Dr. Haber. I get your point. You would avoid an unemployment problem as such.

Mr. Osmers. If you had a $100,000,000,000 national income in the United States, it is my opinion that your unemployment problem would be one for the church charities.

Dr. Haber. But you may get that. You may have to make those public expenditures to get the $100,000,000,000 national income. I don't call spending money for housing "spending." That is investing it.

Mr. Osmers. Let us grant that is true.

Dr. Haber. Similarly, other expenditures you make to employ people on productive work add to the national wealth; it is not the mere giving of relief that contributes to the national income. You may have to spend $10,000,000,000 of Federal funds to make sure you have a national income of $100,000,000,000. All I am suggesting is that in the post-defense period, we will have to do that.

Mr. Osmers. If it costs $8,000,000,000 or $9,000,000,000 to run the Federal Government in a normal year, and we spend $10,000,000,000 to produce $100,000,000,000 national income, and the tax rate returns $14,000,000,000, as I figure it, we have $18,000,000,000 or $19,000,000,000 of Federal expenditures.

Dr. Haber. I was not refining these figures when I mentioned $10,000,000,000 for a program. I am talking in generalities.

Mr. Osmers. I am too.

SHOULD PLAN FOR POSSIBLE BUSINESS COLLAPSE

Dr. Haber. I merely say, Congressman Osmers, that we are very likely in the post-defense period, for a considerable time, to have a business collapse.

Mr. Osmers. I think everyone anticipates that.

Dr. Haber. I am not pessimistic about it, as some people, but I think it would be short-sighted not to plan for it.

Mr. Osmers. I don't think it will be the end of the world, either, but I think it may bring 3 or 4 or 5 years of what we call very hard times.

Dr. Haber. I hope we can avoid a distress period that long.

Mr. Osmers. So do I.

Dr. Haber. If we can maintain the employment by subsidies to private industry—mind you, by grants to private industry—I would say, let us do it. All I am trying to emphasize is that we cannot contemplate a recurrence of the employment problem of 1933.

Mr. Osmers. You see, I am not worried about 1933 or about 1944, but I am worried about 1935, 1936, 1937, 1938, 1939—those years when we were not strictly in a state of depression. We had sort of leveled off, but we just didn't make it work. Now, I can suggest, and so can you, and so can anyone in this room, a dozen ways of usefully employing 10,000,000 people—building houses, bridges, roads, sanitary facilities, educational facilities, and a million and one other things——

Dr. HABER. Which add to the national income.

Mr. OSMERS. Yes; but I want to find out, is there anybody anywhere who can tell us how we are going to pay for it, where we are going to get the money? They say any fool can spend money, but that it takes a wise man to raise it. We are not short on ideas as to how to employ people. Everybody has a lot of ideas how to do some very useful things. But we are very short—in fact, we are absolutely blank—on the means of raising revenue to pay for it.

Dr. HABER. What do you mean by "means of revenue"? Do you mean taxes?

Mr. OSMERS. Taxes sufficient to pay all of the cost.

TAX RESOURCES

Dr. HABER. You don't imply that the Federal Government is short of ways of raising taxes?

Mr. OSMERS. I think we have nearly every one of them in this new bill.

Dr. HABER. You are driving at another point. I think I would answer that by saying we don't get money out of a hat.

Mr. OSMERS. One would think we did, the way we are spending it.

Dr. HABER. Perhaps we get the money out of the resources of our people, and sometimes out of the potential resources of our people.

Mr. OSMERS. When the Secretary of the Treasury needs money to pay the expenses of the Government, he sells the obligations of you and me to a private individual or a bank for X number of dollars and that constitutes an X dollar obligation of the Federal Government.

Now, I know about potential resources, and I know about national resources, and I know about the working ability of the American people; but I don't know where we are going to get the X dollars to pay off that obligation.

Dr. HABER. We may have difficulty getting it.

Mr. OSMERS. I think that is the answer.

Dr. HABER. But I am sure that obligation is going to be paid, and that is probably the faith that most Americans have.

The CHAIRMAN. How did Hitler get the money?

Dr. HABER. Well, I might have gone on that tack. That is a very, very genuine answer.

Mr. OSMERS. And a very penetrating question.

Dr. HABER. It is a genuine, legitimate question. Hitler didn't raise the question of fiscal surgery. He said, "I have 30,000,000 people who can work, and they are going to work." The question is, Can we as Americans find ways of doing the same thing without getting involved in the denial of liberties and restrictions to which Hitler resorted? I think we can.

The CHAIRMAN. Professor Haber, if I get your viewpoint correctly, it conforms to my own.

I am always thinking of the human equation. What you are trying to demonstrate is your interest in employable people, people who want to work so that they can live. You want to think in terms of them, you want some cushion for them after this defense effort is over.

Dr. HABER. To be sure. And I also want to support Congressman Osmers' point of view. I hope we can avoid any public policy which discourages the employment of these people in private enterprise to the fullest extent.

Mr. Osmers. I don't think there is any disagreement there.

Dr. Haber (to Mr. Osmers). You spoke of the late 1930's as a period of leveling-off. According to the newspaper account I read yesterday, Congressman Tolan said, as the hearing opened, "We still have 5,000,000 unemployed today."

Mr. Osmers. That is right. That is the thing that worries everyone. After we did bail out from the 1931, 1932, and 1933 dip, we still had not eliminated the unemployed.

Dr. Haber. Private investors seriously raise the question where they can put money with an assurance of a return.

Mr. Osmers. Maybe we have come to the end of the capitalistic system. I don't know.

Dr. Haber. I don't think so.

Mr. Osmers. I hate to think so; but I think if we are approaching the twilight of it, we ought to start thinking about it.

Dr. Haber. No; I think it is much simpler than that. It is the function of this economy to see that all of the savings and all of the capital we have accumulated is put to work to employ people.

Mr. Osmers. I am afraid if we are going to continue with this system, we may find ourselves faced with the very dismal possibility that a rigid control of the business of the country will be required to make it work.

The Chairman. Dr. Lamb.

Dr. Lamb (to Dr. Haber). You have been saying, in effect, that granted there are 10,000,000 people employable and unemployed after this defense emergency is over, if you put those 10,000,000 to work on public works programs, of which the backbone is housing——

Dr. Haber. Or publicly financed private programs. I want to emphasize that. If the reason our people aren't working is that private industry hasn't a profitable outlet, then our Government ought either to borrow those funds and provide the outlet or otherwise encourage private enterprise to find the outlet. We ought not permit any of our funds to be idle while labor is idle simultaneously.

UNCERTAINTY OF CONVERSION FACTOR

Dr. Lamb. Let us say 10,000,000 people are unemployed, and you put them to work on public works programs or in subsidized industry. Let us say that the amount expended in order to employ these people is $10,000,000,000. What would be the multiplier by which an expenditure of $10,000,000,000 in this form would generate purchasing power throughout the remainder of the economy? Have you any estimate of that?

Dr. Haber. No. I have heard the estimates of others, and there are variations—variations so great that I doubt if anyone can talk with certainty about the conversion factor.

Dr. Lamb. Isn't it an essential point in your argument that perhaps not in 1 year, but over a period of, say, 5 years, the expenditure of $10,000,000,000 per year in this fashion would so increase the general purchasing power as to permit not only the sale of goods to the people so employed and to the remainder of the purchasing public, but also to provide sufficient income for tax purposes?

Dr. Haber. That is right.

Dr. Lamb. Sufficient income, that is, to begin, if not to complete, the liquidation, through taxes, of that 5-year, $50,000,000,000 expenditure?

Dr. Haber. Yes; I am very glad you restated it.

Dr. Lamb. And that is a correct statement of your position?

BALANCE BETWEEN PUBLIC EXPENDITURE AND TAX INCOME

Dr. Haber. Yes; that is correct; and Congressman Osmers' question is then answered by pointing out that part of this expenditure itself produces the income which will eventually liquidate the indebtedness.

Dr. Lamb. So that your contention is, the greater the expenditure for this purpose, the greater the possibility for tax income?

Dr. Haber. That is right.

Dr. Lamb. And the less the expenditure under these circumstances of large-scale unemployment, the less the possibility of an adequate tax program?

Dr. Haber. I agree with you.

PARTIAL AND TOTAL UNEMPLOYMENT BENEFITS

Mr. Osmers. I want to clarify one point, Professor, which was raised in one of your answers to Congressman Curtis.

You quoted average weekly benefits under the unemployment compensation law, and I think they were very low; around $5?

Dr. Haber. Yes, sir.

Mr. Osmers. Does that include split weeks?

Dr. Haber. Total unemployment.

Mr. Osmers. For full weeks?

Dr. Haber. That is right.

The Chairman. Professor, the problem we have been talking about is so vast that we couldn't explore it and exhaust it in days of discussion, could we? Your presentation has been very valuable and very intelligent, and it is going to be helpful to us. We thank you for coming here.

The committee will take a 5-minute recess.

(Short recess.)

The Chairman. The committee will please come to order.

Mr. Campbell, I think you desire to be heard.

TESTIMONY OF HARVEY CAMPBELL, EXECUTIVE VICE PRESIDENT, DETROIT BOARD OF COMMERCE, DETROIT, MICH.

The Chairman. Mr. Campbell, please give your full name and the capacity in which you appear here.

Mr. Campbell. Harvey Campbell, executive vice president, Detroit Board of Commerce.

The Chairman. Will you state to the committee, as briefly as you can, what you have in mind?

Mr. Campbell. Well, Dr. Haber was pretty fluent on my subject. There are a couple of things, though, to which I should like to draw your attention.

PREVENTION OF HOARDING

One is the prevention of hoarding, which will leave us with some kind of market when this crash comes—when we get to the end of the line. We can all remember here in this town that we couldn't build an aircraft motor for several years after the last war because we had such a tremendous superabundance of Liberty motors and also of those Curtiss OX-5's. We had to absorb them first. If that condition is going to prevail, and if everybody is going to have all the stuff on hand that he needs, there will not be a market to take care of the situation. People will want things, but they will be all built for them, and there will be no necessity for employing any folks to manufacture them.

COMPULSORY SAVINGS

Another point I wish to raise is that the people themselves—they weren't mentioned in Dr. Haber's testimony, as far as I can remember—ought to consider their own future in this matter. The individual should remember that he is riding to a fall.

I don't know, Congressman, whether there is going to be any use saving money if these pieces of paper aren't going to be good, but I think defense bonds should be purchased for the defense of the individual, because he is the man who will need defense, and he should take some of the stuff that he is going to get in the next few years, which he thinks is money, and put it where he needs it, so he won't have to ask the Government for help.

The CHAIRMAN. We have already explored that. There have been several suggestions with reference to compulsory savings and the like.

Mr. CAMPBELL. All right, let us forget that subject, and give me 2 minutes on something that I haven't heard discussed here, which I think should be said about the immediate situation of today.

I am very happy that this committee has shown such a tremendous interest in Detroit's affairs, because Detroit has a national reputation as a workshop, and right now everybody seems to think it is barricaded.

WILDCAT STRIKES

If something could be done through this committee to cut out some of the wildcat strikes that are giving Detroit a bad reputation, so we could get the kind of desirable migration that would help us to turn out the defense job we have to do here, it would be extremely helpful.

At the present time we have in our daily press the story of a possible cessation of our defense housing program because of the vandalism of some of the labor unions. We have also going on today the importation of some folks from the mines, with the threat that they are going to tip over the trucks of the Railway Express Co. here. The express company employees are all union members. That is, they are members of one of the brotherhoods, and the C. I. O. seems to want their end of the business.

The Fruehauf Trailer Co. has had a contract, signed and ratified by the National Labor Relations Board in July, but since then they have had several strikes and work stoppages on trucks and trailers, and those trailers are as big as boxcars. We need boxcars.

In today's Detroit News, there is a very well written story giving both sides of a controversy at the Evans Products Co., now manufacturing machine-gun mounts. Their contract with the C. I. O. has been ratified by the National Labor Relations Board. The Mechanics Educational Association of America members are picketing Evans and asking them to break the law. They are tipping over their trucks, hurling stones, and doing all kinds of illegal things.

Now, that can be stopped, and I would suggest that it be stopped by the man who started it and that man is, with all due respect, the President of the United States, who stood on the city hall steps in Detroit and told the workers of Detroit "to go and get what they wanted; he would back them up."

Now, we have got way beyond that point. He has been elected twice since then, and we are in an emergency, and if he would tell labor over the air or in any way possible that this is labor's war, and that they should play ball and work with him to take care of this defense program, I rather think that we might be able to work together and win this game, instead of having all this pettiness, with chips constantly on the shoulders of those fellows.

We can work together like that and do a satisfactory job. If he doesn't do something about it, we will continue to have labor stoppages, and migration will be affected. It is practically civil war here in Detroit, and we are stepping on our own toes instead of going forward as we should as Americans.

That is all I have to say.

The CHAIRMAN. Thank you very much, Mr. Campbell. Our next witnesses will be Mr. Nicol, Mr. Keenan, and Colonel McSherry.

TESTIMONY OF ERIC NICOL, ASSOCIATE CHIEF, LABOR SUPPLY BRANCH, OFFICE OF PRODUCTION MANAGEMENT, WASHINGTON, D. C.; EDWARD L. KEENAN, ACTING CHAIRMAN, REGIONAL LABOR SUPPLY COMMITTEE, O. P. M., CLEVELAND, OHIO; AND COL. FRANK J. McSHERRY, DIRECTOR, DEFENSE TRAINING, O. P. M., CLEVELAND, OHIO

The CHAIRMAN. Gentlemen, Congressman Osmers will ask you the questions.

Mr. OSMERS. We are anxious to find out from you gentlemen what we can about the possible migration of workers as a result of the curtailments and dislocations that have been created by the national-defense program.

We are as much interested in in-migration for employment as we are in out-migration.

THE BUFFALO PLAN

Now, I understand that the Labor Division of the O. P. M. has devised, for dealing with the problem of priority unemployment, a formula popularly known as the "Buffalo Plan" and that you expect to extend it to the whole State of Michigan if possible.

I would like to have your comment on a statement that was made yesterday before this committee by R. J. Thomas, of the Automobile Workers, who said that even in such a city as Buffalo, N. Y., where tremendous demands for national-defense labor are developing, the

Buffalo plan by itself has provided employment up to September 20 for only 1,200 out of 3,600 unemployed automobile workers.

He went on to say that in cities such as Flint or Detroit the plan would be still less effective.

I notice from the statement that you submitted to the committee that those figures are substantially correct.

(The statement referred to above is as follows:)

STATEMENT BY ERIC A. NICOL, ACTING CHIEF, LABOR SUPPLY BRANCH, LABOR DIVISION, OFFICE OF PRODUCTION MANAGEMENT, WASHINGTON, D. C.

The Labor Division of the Office of Production Management has as one of its major functions the provision of an adequate and continuous supply of trained manpower for the defense program. To perform this function, the Labor Division has established a National Labor Supply Committee composed of representatives of the several Government agencies which are concerned with the recruiting, training and job-placement of labor. On this committee also are representatives of other branches of the Labor Division. Among these branches are labor relations, defense training, training-within-industry, and priorities.

The operating arm of the National Labor Supply Committee is the labor supply branch of the Labor Division, which coordinates the over-all program and policies developed by the National Labor Supply Committee and translates them into action. This labor supply branch functions throughout the country through 12 regional labor supply committees and local or industrial area labor supply committees, all of which are responsible for the direct application of the national program and policy for labor supply.

CENTRAL AUTHORITY ON LABOR SUPPLY

The efficient use of the Nation's labor supply and its training facilities requires that there be a central administrative authority which will direct the movement and training of workers toward the specific needs of defense production.

The efforts of the labor supply branch are therefore shaped by the necessity of affecting the most productive employment of all available manpower. Consequently, there has been a broadening and intensification of placement of unemployed workers, of securing the highest possible utilization of skilled workers already employed and of training programs, both public and within the plants, in order that workers may be supplied in sufficient numbers in the needed occupations and at the proper time.

PRIORITIES AND DISLOCATION OF WORKERS

Priorities on raw materials and machinery create the problem of dislocation of workers in nondefense industry. Workers are displaced both by the curtailment of production resulting from the operation of priorities placed on raw materials such as copper, aluminum, and silk—and by the restrictions placed on output of certain items of a nondefense character such as mechanical refrigerators and bicycles.

Failure to take prompt effective action on behalf of these thousands of displaced workers has a twofold effect upon the local and upon the national-defense program: First, it tends to undermine morale of the workers; second, it results in disorganization of the labor market and wasteful immobilization of manpower now critically needed.

The labor supply branch is fully aware of problems incident to the labor shortages in one industry or one area and labor surpluses, including displacement of workers due to priorities, in other industries or areas. Consequently, it is attacking this labor supply problem on a Nation-wide as well as a local level. All the facilities of Government, management, and organized labor are being coordinated in a serious effort to prevent major dislocations, fruitless migration, and the consequent lowering of national morale.

GOVERNMENT AGENCIES WORKING ON LABOR SUPPLY PROBLEM

We should like to mention a number of these facilities and Government agencies that are actively associated with the labor supply branch in this work, in order to give the committee a picture of the extent to which all available resources have been brought to bear in the attack on the labor supply problem.

The labor supply branch has the intimate and daily cooperation of four important branches within the Office of Production Management; the labor relations, the priorities, defense training, and training within industry. In addition, a similar working relationship is maintained with the United States Employment Service, and its 1,500 local employment offices.

The participation of these units in the day-to-day functioning of the labor supply branch, both in Washington and in the various States and local communities, is one of closely integrated cooperation.

There are seven other governmental agencies whose closely coordinated facilities, joined with those mentioned above, make it possible to anticipate labor supply and displacement problems before they become acute, thereby permitting speed and precision in developing corrective measures to be undertaken.

LABOR RECRUITMENT POLICY

It might be well to turn, for a moment, to the labor recruitment policy under the national-defense program.

The United States Employment Service through its regional offices and through the local offices of the individual State employment services is designated by the Office of Production Management as the official defense employment agency.

Employers having defense contracts are urged to use public employment offices for the recruitment of workers. No employer should attempt by any methods to recruit labor from outside his local area or engage in any advertising, local or otherwise, without first consulting with the local public employment office as to the availability of local labor and the necessity of such action and the methods to be employed.

INSTRUCTIONS TO UNITED STATES EMPLOYMENT SERVICE

In order to achieve a proper and orderly recruitment of defense labor, the United States Employment Service has been instructed by the Office of Production Management to carry out the following responsibilities through the personnel of State employment service offices and the regional offices of the United States Employment Service:

1. To persuade employers to recruit labor by use of the facilities of the State employment service offices in order that the labor demands of defense industries may be pooled and that necessary labor turn-over and competition between employers may be avoided.
2. To urge workers unemployed and available for placement and workers employed on jobs not fully using their skills to register with the local offices in order that, insofar as possible, the supply of labor may be known and registers maintained of persons available for employment in defense industries.
3. To obtain periodically, from the operations of State employment service offices and other appropriate local sources, current information regarding supply and demand of labor, and changing characteristics of the labor market, as well as to supply such information to other governmental agencies associated with the defense program.
4. To consult with employers concerning the recruitment of workers in occupations in which there are shortages in order that first there may be ascertained the most adequate use of already employed workers through job analysis and upgrading, as well to obtain the employers' not anticipated labor needs.
5. To provide technical assistance in order to facilitate job analysis and upgrading through cooperation with the staff of the Training-Within-Industry Branch, Labor Division, Office of Production Management.
6. To exhaust the sources of available labor supply within the locality before resorting to recruitment of labor from outside the locality, or training outside the locality in filling employers' orders. This includes the responsibility of exerting every effort to place available workers in minority groups, such as Negroes, foreign-born, and native workers of foreign-born parentage; and to use women to the extent that they are qualified and available. Furthermore, the canvass of local sources of labor supply includes methods of advertising according to approved standards.
7. To urge employers, when orders cannot be filled locally, to utilize the Employment Service clearance machinery for recruitment of labor rather than the employers themselves attempting to secure such labor advertising methods and labor scouting.

8. To notify training-within-industry and apprenticeship field officers of any defense firms or industries needing technical advisory service on training problems.

9. To relate the public training program, insofar as possible, to the anticipated hiring schedules of defense employers in order to avoid the placement of orders for workers into clearance if there are local labor reserves which can be trained to meet the labor demands. State employment service offices are instructed to determine periodically the kinds of training needed in the community and to collaborate with the training authorities in establishing the necessary training courses and in recruiting persons for training courses, referring persons to training courses, and placing trainees in openings as they occur.

RECRUITMENT BY CIVIL SERVICE

The Civil Service Commission, through its 13 district offices, has the responsibility for recruiting civilian personnel for the Government departments participating in the defense program, including the manufacturing and maintenance establishments of the Federal Government.

TRAINING-WITHIN-INDUSTRY PROGRAMS

The national-defense training and training-within-industry programs are also intimately linked to the problems of labor supply and labor displacement.

Special attention of the labor supply staff is being given at the present time particularly in this area to the problem of workers displaced through the action of material shortages and priorities for defense work. The Labor Supply Committee has established a basic over-all pattern of procedure utilizing all of its constituent units.

From time to time the problem of worker displacement will justify the participation of representatives of the labor supply branch in conferences with employers and labor leaders in industrial areas. Such a conference has just been conducted in Detroit.

COOPERATION OF MANAGEMENT AND LABOR

We feel strongly that the most important factor in carrying out this program is the cooperation of the representatives of management and organized labor. For this reason we are appointing to the regional labor supply committees and in most regions there have been appointed, labor and management representatives who are expected to work with their constituent groups to effect the orderly transfer or reemployment of displaced workers.

The management representative will assume the responsibility for determining the employers concerned and securing their full cooperation in carrying out the national policy of the Office of Production Management as developed by management and labor; for getting industries to cooperate in reemploying displaced workers; and for securing cooperation in giving advanced information as to lay-offs.

The labor representatives will assume the responsibility for securing the cooperation and participation of representatives of organized labor on regional, State, and local levels in the registration of workers and in determining training needs and eligibility for placement.

United Automobile Workers (Congress of Industrial Organizations), for example, has set up a national policy committee on displacement problems and appointed a national coordinator to be responsible for cooperating with Government agencies in getting their displaced workers reemployed in defense production. In turn their State and local committees have been appointed to help with the program of the Federal Government in their respective areas.

CONFERENCE AFTER BUFFALO LAY-OFF

In Buffalo in late July, 3,200 workers in three automobile plants were laid off while their factories were being reequipped to produce airplane motors. It was announced that the retooling would take 6 or 8 months.

This situation was promptly brought to the attention of Office of Production Management Associate Director-General Sidney Hillman by the Congress of Industrial Organizations United Automobile Workers Union. Mr. Hillman immediately dispatched one of his assistants to Buffalo where he investigated the situation with Walter Reuther, director of the United Automobile Workers General Motors division, and local union officials. Representatives of the New York State Employment Service and the Buffalo Board of Education were present, and the extent of their possible cooperation was explored. "Key employers," holders of large defense contracts in the area, who might be able to absorb the displaced workers were suggested. The conference recommended a formal meeting with defense plant employers and with Government representatives from Washington to develop a program of action.

Mr. Hillman promptly called the conference, which met in the New York State Office Building in Buffalo on August 7, with Arthur S. Flemming, Chief of the Labor Supply Branch, Office of Production Management, presiding. Other Washington officials represented the Labor Relations and Defense Training Branches of the Labor Division and the aircraft section of the Office of Production Management's Production Division.

Bell Aircraft, Curtiss-Wright, Worthington Pump & Machinery, and the Buffalo Arms Corporation were the large defense plants which were at this time represented. They offered full cooperation and the following program was adopted and put into effect:

PROGRAM ADOPTED FOR HANDLING BUFFALO SITUATION

1. Federal and State agencies were to be organized, with labor and employer cooperation, to get the displaced workers registered for unemployment compensation, which would be paid during the period of training necessary for defense work; these agencies would register and classify men available for immediate employment, and would arrange for retraining the balance as quickly as possible.
2. Qualified workers of this group were to be given preference for defense jobs over applicants from outside the Buffalo area.
3. The labor union representatives agreed to provide a master list of their membership in these plants, which was substantially the same as the list of displaced men. The union sent a letter to each of these, notifying him to register at the State employment service office for unemployment compensation benefits, and to be interviewed for assignment. A special card was attached, by which the employee was asked to notify the employment service of any changes in employment status during or after his training period.
4. The State employment service arranged for its whole staff to be at its offices at night, from 6 to 9 p. m., during the week of August 11, to interview displaced workers. About 700 workers were asked by the union to report one night, a similar group the next, and so on until all were interviewed. Vocational school and union officials were present to aid in the interviews and assignment to special classes.

The four big defense plants and other Buffalo employers hired 400 of the displaced workers promptly, and 400 others were absorbed in other plants in the area. Most of the remaining workers were lined up for training aimed directly at defense needs in the Buffalo area.

The local employment service manager, Herbert Helwig, was designated as the Office of Production Management representative to follow through on the program with the cooperation of the employers and local union committees.

RESULTS OF THE BUFFALO PLAN

The committee may be interested to know more specifically the amount of success the Buffalo plan has had. The following are the figures as of September 17, 1941:

Laid off by General Motors Corporation	3, 244
Registered with employment service	2, 085
Did not register with the employment service	1, 159
Reemployed and working (803 from those registered with employment service, 472 from those not registered with employment service)	1, 275
Assigned to classes for retraining (74 have left classes principally for jobs, 600 are completing training in vocational schools)	674
Available for work (this includes 600 in training courses)	1, 003
Have failed to renew applications or respond to calls; 279 from those registered, 502 from those not registered. It may fairly be assumed that they are working. Hence, there are probably 2,056 (781 plus 1,275) employed	781

The following is the information as of September 22 regarding the Buffalo experience as specifically requested by your committee.

We believe we are supplying the information desired. In compilation, we are following the numerical order of the questions:

1. About 4,700 were employed in the General Motors plants locally. 1,800 are employed by Ford, no lay-off as yet.

2. 3,242 General Motors workers were displaced, segregated as follows, by skill:

Machine operators (milling, lathe, broach, drill press, etc)	1, 296
Assemblers	1, 458
Metal workers	162
Welders (various degree of skill)	65
Spray painters (polishers, etc.)	97
Laborers (porters, etc.)	164

3. Local aviation companies employ approximately 28,000 workers at present.

4. The estimated value of contracts scheduled for production in Buffalo is $550,000,000.

5. 2,085 displaced auto workers registered for new employment as follows:

Machine operators (milling, lathe, broach, drill press, etc.)	804
Assemblers	985
Metal workers (including ding men, bumpers, metal formers, etc.)	96
Welders (mostly acetylene)	37
Spray painters and polishers	61
Laborers (porters and similar)	102

6. 780 have been transferred to the aviation industry as of today (September 22, 1941). All transfers have been made prior to additional training since those being trained are not yet available for referral.

Of the above about 500 obtained employment in the aircraft industry as machine hands, i. e., machine operators, as milling, lathe, grinder, etc. Approximately 200 received jobs, based on manual dexterity gained in their General Motors or previous employment, as assemblers, panel department workers, etc.

Of the balance, 20 were welders and the remaining were sheet-metal workers such as ding men, cowling workers, metal formers, etc.

7. Of those registered with the New York State Employment Service the following remain unemployed, with skills as indicated below:

Machine operators (various types as indicated elsewhere)	199
Assemblers	724
Metal workers (various types as indicated elsewhere)	21
Welders	9
Spray painters (polishers, etc.)	19
Laborers (porters, etc.)	31

8. A total of 1,072 were referred and accepted for national defense training. Six hundred and seventy-four started training. There are now, because of drop-outs for various reasons, primarily acceptance of employment, only about 600 remaining in school.

Practically all machine operators entered machine shop courses. About one-half of the assemblers also entered this course. The balance of the assemblers entered aviation mechanics courses such as aviation assembly, fabrication and riveting.

Of the General Motors employees of the lesser skill type, the majority went to aviation mechanics courses (as above). A few studied welding and foundry practice and a small number took machine shop practice.

9. We assume the question here to be: "What is the prospect for placement after training?"

In replying, all these trainees can readily be absorbed in local industry quite promptly provided the employers committed to assist in the return to employment of these men, cooperate.

10. Most of the former General Motors workers who have accepted new employment are working in occupations which demand at least as much skill as did their occupations in the General Motors plants. Very few have accepted work in an occupation of lower skill requirement. However, the hourly rate of pay in their new work does not in most instances compare favorably with the rates paid by General Motors. (The General Motors rates were considerably above the local average.)

11. It is estimated that approximately 4,300 persons have been added to the pay rolls of national-defense employers of Buffalo since the date of the General Motors lay-off. We have positive verification of the placement of 1,275 General Motors men, and we believe that the majority of the 781 who have failed to appear at our office in spite of numerous call-in efforts, are also working.

The four employers pledged to cooperate in the reemployment program, report that they have hired former General Motors workers as follows:

Curtiss Aircraft Corporation	450
Bell Aircraft Corporation	350
Worthington Pump Co	24
Buffalo Arms Corporation	64

12. The New York State Employment Service and national defense school authorities cooperated in the referral to the training courses and in the training program itself. General Motors workers were accepted in preference to other applicants in all local schools. Every worker who desired training was able to participate.

13. The General Motors Corporation's unemployment compensation plan has proven of immeasurable assistance to the displaced General Motors workers. This plan permits laid-off workers to draw up to two-thirds of their average normal salary for a considerable period of time—the period extends considerably beyond the time needed to complete training. Also, most of the unemployed men are drawing unemployment insurance benefits in the amount of $15. (This amount, however, is deducted from the amount of unemployment compensation paid by the General Motors Co.)

We understand that the department of social welfare has found it necessary to help but few of these workers. If such help is necessary, placement on Work Projects Administration rolls would be readily accomplished. (Eligibility for welfare aid is a prerequisite to Work Projects Administration employment.)

14. The plan and its resultant publicity has discouraged migration of workers into this area—which is well. Local companies generally prefer to employ local workers.

Replying to the second question as regards "local unemployed" prior to the General Motors lay-off. The local labor supply had been seriously diminished. There were few persons of even semiskilled type available for referral—hence, the plan has not particularly changed the prospective insofar as local employment is concerned. We have heard but very little criticism of the plan from other unemployed persons.

15. We have no knowledge of the placement of these workers on defense jobs in other areas nor do we believe that these men have migrated in any appreciable numbers. There is no plan known to us of Federal Government assistance where moving to other areas is necessary.

Definite preliminary successes have also been achieved in applying a large part, if not all, of the Buffalo plan to priority unemployment in the silk industry, where the jobs of 175,000 workers have been threatened and an estimated 25,000 already been layed off as the result of the stoppage of silk imports.

CONFERENCE IN PHILADELPHIA

A few days after the Buffalo meetings, Mr. Hillman called a similar conference in Philadelphia to discuss methods of absorbing the displaced silk workers into other fields. Fifteen of the largest defense contract employers and the same number of labor union leaders conferred with Office of Production Management Labor Division officials on August 19, and drafted a more general program along the same lines.

Here again it was agreed to give preference in hiring displaced workers from the area, and to tie the vocational school and union officials directly into the interviewing of workers who need defense training.

LAY-OFF OF PENNSYLVANIA SILK WORKERS

Last week Mr. Hillman sent James E. Rossell, Office of Production Management Labor Supply Branch Assistant Chief, to Wilkes-Barre and Scranton, Pa., where several thousand workers in the silk industry of that area have lost their jobs. Two meetings were held in each city, one with trade-union representatives and the other with employers.

In Scranton, Mr. Rossell obtained commitments from 14 employers present at the meeting to hire 335 power-sewing machine operators as soon as they are available. All told, Mr. Rossell ascertained an immediate need for 550 power-machine operators for the garment industry. In addition, it was disclosed that there was an immediate need for 50 workers in Scranton's cigar-making industry and an eventual need for 100 more.

In nearby Wilkes-Barre, the need for skilled workers in the garment industry was even more pressing. The industrialists who met with Mr. Rossell declared that they could employ at least 1,000 power-machine operators as soon as they were trained and qualified for the work.

Here, then, was a need for 1,550 skilled workers in an area where between 1,500 and 2,000 men and women had recently lost their jobs. The employers agreed to take on the displaced silk workers if they were trained to operate the power-sewing machines.

Action is being taken now by the Office of Production Management Labor Division to establish, as quickly as possible, training programs in Wilkes-Barre and Scranton which will qualify the displaced silk workers for these new jobs in the garment industry. Existing training facilities will be used to the fullest extent, but where they are not, adequate machinery and materials will be supplied by the Government.

To facilitate this work of placement and retraining, employers were asked to survey their present and anticipated labor needs and make this information available to the State employment office. Trade-union leaders were requested to make certain that all workers whose jobs are threatened are registered at the employment office.

The problem of priority unemployment is by no means unsolvable. It can be effectively attacked by a coordinated program of action that utilizes all the existing Federal, State, and local facilities for training and placement and sets up new facilities where needed. The Office of Production Management Labor Division, we believe, has developed a valuable approach and technique of procedure which, when finally prefected, should go far in cushioning the effects of priorities displacement.

The Displacement Problem in Michigan

The ramifications of the labor displacement problem in Michigan, particularly in Detroit are probably more complex than any facing the labor supply branch of the Office of Production Management anywhere in the Nation. The labor supply branch has gotten into the Detroit situation in advance of the majority of lay-offs which are expected due to curtailment. Government, management, and labor are aware of the probability of serious dislocations and are taking steps in an effort to alleviate the situation.

In our opinion the best figures available on the Detroit labor market situation are those prepared early this month by the Research and Statistics Division of the Michigan Unemployment Compensation Commission after a comprehensive survey. However, it is important to note than even these current figures of estimated unemployment are subject to change because of possible acceleration of defense production and the award of additional contracts or subcontracts which can be placed in production without extensive retooling. There is also the possibility that these figures are subject to upward revision in case that automotive manufacturers are not able to secure the materials necessary to produce passenger cars for civilian use to the maximum allowed under present Office of Production Management quotas.

EXPECT ONE-THIRD OF AUTO AND PARTS WORKERS TO BE DISPLACED

(*i*) Using the aforementioned figures as the best estimates available' it is indicated that approximately 450,000 persons employed in automobile and automotive-parts manufacturing in Michigan, roughly one-third, about 160,000, are expected to be displaced as a result of automobile curtailment by the end of January 1942. Almost 114,000 workers will be displaced in and around Detroit. This assumes a 40-hour operating week. With a 32-hour week, the displacement would be not more than two-thirds of the above or approximately 100,000. The problem will become quite large by November 1941 when perhaps one-half of all those affected will be released from their regular employment.

Defense employment will expand at a much lower rate than displacement and by the end of January will still leave between about 70,000 to 75,000 unemployed. Expansion of defense employment during the early part of 1942 will be relatively slow. Thereafter, particularly during the last half of the calendar year 1942, defense employment will accelerate and the slack is expected to be taken up. Probably by late 1942 or early 1943 a labor shortage rather than unemployment will be the problem in the Detroit area.

One of the assumptions used up to this point is that new jobs will be available to those currently employed in automobile or parts production. Several thousand defense jobs will, however, call for different skills than those possessed by automobile workers, and competition for defense jobs from better qualified workers in other industries or among the unemployed, might change the composition of those employed but leave the net displacement as a result of curtailment the same. An additional factor which will swell the unemployment total will be the return to Michigan of several hundred draftees who will be released from military service in the next several months.

On a basis of the best available estimates it is evident that a considerable period of dislocation will occur for several thousand workers during which they will be unemployed or working at considerable reduced hours.

The above discussion pertains only to automobile and parts industries. Other priorities unemployment which may occur in Michigan in the refrigerator, radio, electrical appliances, aluminum products and die casting industries will add several thousand more workers to the unemployment rolls since employment on new or defense jobs has already been measured against the supply of displaced automobile labor. We estimate that approximately 10 to 12 thousand additional workers may be involved.

WORK OF LABOR SUPPLY BRANCH OF OFFICE OF PRODUCTION MANAGEMENT

(*ii*) The labor supply branch was created in the Labor Division of the Office of Production Management on July 7, of this year and the Fifth Regional Labor Supply Committee covering the States of Ohio, Michigan, and Kentucky, had its organizational meeting July 22. At this latter meeting the situation in the automobile industry was given extended consideration. The report of the representatives of the Michigan Unemployment Compensation Commission, who had prepared a report on automobile employment displacement was discussed, and a subcommittee of the Labor Supply Committee was appointed to work out with the Michigan State Employment Service and the defense training agencies, a procedure to effect a program of orderly conversion from nondefense to defense jobs.

The subcommittee met with the State Council of Administrators for Defense Training, and subsequently with representatives of management, to determine the feasibility of a detailed survey of the industry to secure the necessary occupational data in order to lay out a schedule for a revised and expanded supplementary training program to implement an orderly transference of workers from nondefense to defense jobs. This was not particularly successful because of the lack of detailed information available regarding the extent and immediacy of automobile quota cuts.

As soon as passenger-car production quotas were set, the labor supply branch initiated a series of meetings with management and labor representatives of the automobile industry, separately and jointly, to develop a program designed to assure workers who are displaced the fullest opportunity to find jobs with due regard to their qualifications and experience, and with protection to their seniority rights. As result of the first two conferences, statements of policy with respect to the handling of displacement in the automobile industry were promulgated by the Office of Production Management on September 17.

The statements of policy are as follows. Statements 1 to 5 are to be considered as subject to the general provisions listed in statement 6:

Statement No. 1.

Where a man working on nondefense production is laid off and obtains defense employment with another company, and that fact is certified to his former employer, he will not have to report back for civilian production work in order to protect his seniority so long as he retains the defense employment to which he was certified. If he shifts from one defense employment to another, there must be a recertification as to his new defense employment. Employers concerned with the application of this policy will work out arrangements which will result in the maximum possible acceleration of the defense program.

Statement No. 2.

Transfer of employees to defense work shall be by seniority in the following order:

First, those fully qualified for skilled or semiskilled jobs on the basis of past experience and training.

Second, those who can qualify within the period normally given to new employees.

When management and representatives of the workers are agreed that no employees or an insufficient number of employees with seniority are available in the first group, new, fully qualified employees will be hired.

Statement No. 3.

When hiring new employees for defense work, qualified applicants working on nondefense work with seniority in local industry will be hired before workers coming from other localities. When so hiring, the qualified applicant with the longest seniority record will receive preference.

The senior employees among those working in plants where employment is decreasing who can be spared; who elect to accept such defense employment; and who are found acceptable will be the first released with full protection of their seniority rights.

Statement No. 4.

Skilled tradesmen laid off, partially employed, or employed at occupations other than their trade or its equivalent in defense usefulness, will be released upon their request, with protection of their seniority rights, for full-time defense work (40 hours per week) at their trade. The need for these workers in defense employment will be certified to the worker's employer.

Statement No. 5.

The above policies are to be construed as a pattern for industry and labor to follow and are not retroactive. It is understood that their application is a local community problem and must be worked out on the basis of cooperation between plants in a community and the workers involved.

The operating machinery to effect this point will be set up at an early date.

Statement No. 6—General provisions.

1. Recall of employees. An employee loaned or laid off, whether unemployed or currently employed on defense or nondefense work, must report back for defense employment to the company with which he holds his original seniority, if and when called, on notice of at least 1 week. Recall of employees to defense work presupposes, and management will endeavor to provide, full-time employment, contingent upon the availability of the essential tools, material, and facilities. Skilled tradesmen will be subject to recall only for full-time defense employment at their trades or the equivalent.

2. Defense training. For the purpose of these policies, defense training is to be considered defense employment, provided there is an understanding between the employer and the employee that the employee is being trained for a specific pay-roll job.

To implement statement of policy No. 1, and make if effective, an agreement was reached at a subsequent meeting held with labor and management representatives in Detroit on September 18. A form with instructions which were also agreed upon at the conference has been provided as the certification required by policy statement No. 1.

The plan being developed in Detroit will govern the handling of displaced workers in the automotive industries throughout the country and will serve as a pattern for the handling of labor displacement problems in other industries. Paramount in these plans is the place of the public employment service, the agency which is handling the recruitment of new workers for defense employment and which can handle the registration of displaced workers or workers about to be displaced with the purpose of providing an orderly transfer of such workers from nondefense to defense employment.

Because a national policy is involved, time and considerable thought is necessary before determining upon the detailed machinery and interpretations which will place into effect the other statements of policy. In general, it is hoped that the detailed procedures will insure that trained and skilled local older workers will be moved as rapidly as possible from nondefense to full-time defense jobs. Otherwise a situation could exist in which older workers who are established members of the community would be retained in nondefense passenger-car production, with the possibility of suffering reduced hours of work or unemployment, while workers who are just coming into the labor market would be filling the jobs in defense industries, working full 40-hour weeks, perhaps with overtime. In our opinion the morale of the country necessitates planning which will eliminate the worst features of this situation, not only so that migration will be held to a minimum and unnecessary migration eliminated, but so that the older workers who have been working regularly and over an extended period of time in civilian passenger-car production will continue to be employed through an orderly transfer to defense work.

This procedure in itself will not create new jobs, and obviously the desirable solution to the gap unemployment problem in the Detroit area is the creation of more defense work. Large defense contracts are already contemplated that will, in the long run, cause the displaced workers to be reemployed. Every effort is being made to find the type of needed defense goods which can be made immediately in the plants which will be affected by curtailment. This is difficult to work out because most of the plants have to be extensively retooled for new defense work, and our real problem in this area is in filling the gap between the lay-off and the preparation of plants for new contracts.

PROCEDURE FOR LABOR CHANGE-OVER INTO DEFENSE

(*iii*) As indicated above, the labor-supply branch has long been interested in securing detailed occupational information regarding the workers who would transfer from nondefense to defense jobs. It was for some time unable to secure data of sufficient value because of the uncertainty of the size and incidence of the quota cuts. Detailed data should be available in October, although the amount of detail will vary from plant to plant, depending upon the extent to which management has information available regarding the future share of production and employment. At the same time, a procedure is contemplated whereby workers who are given advance notice of their prospective release will register with the State employment service, and indicate their occupational skill in as great detail as possible. This occupational data will be classified and tabulated, and listed against prospective defense employment needs. Through this procedure, the need for training can be determined, and programs will be set up in collaboration with the various training agencies: training within industry, national defense; vocational education for national defense, and National Youth Administration.

PLANS FOR ROUTING OF WORKERS

(*iv*) Plans made by the Labor Supply Division for the routing of workers include the following:

1. A displaced worker will be expected to register with the employment service, which in turn will serve as the source of information regarding prospective defense jobs in the area. Based on occupational qualifications and the local defense needs, the employment service will determine the worker's immediate occupational suitability and refer him to a defense employer or determine his need for training, and refer him to the proper program through which his chances of securing suitable defense employment will be enhanced.
2. Training where needed. (See above.)
3. Sustenance during training period.

Most of the workers displaced will be able to draw unemployment compensation for a period up to 18 weeks, although many will undoubtedly exhaust their benefits in a much shorter period of time. The majority of the conversion training courses will rarely exceed 8 to 10 weeks—some of them may only require from 60 to 120 hours; hence, this interim period would involve no great hardship if defense jobs become immediately available after training, or shortly after the time of lay-off from regular employment. These workers who can qualify for the National Youth Administration or Work Projects Administration training will receive a security wage which is roughly comparable to that paid under unemployment compensation.

4. Assistance in moving where defense jobs are out of town. No Federal or State program has proceeded in this matter of furnishing financial assistance to workers to aid them in moving to out-of-town defense jobs. For those workers for whom no employment in defense is in prospect, the immediate recourse will be to unemployment compensation, and Federal or State or local relief or work programs.
5. Those for whom no employment in defense is in prospect.

There are several possibilities, such as the moving up of delivery dates and acceleration of defense work now in progress, letting further contracts for the same type of defense material to those plants now in production so that extra shifts of workers can be added, the awarding of prime contracts to plants where curtailment is expected if it is possible to find material needed for defense which can be produced in such plant without major retooling, and the letting of further subcontracts on the part of prime contractors to smaller employers who can make parts necessary for defense articles. Perhaps some type of consumers goods priority or similar device might be put into effect in order to "stem the gap" in cases where a plant is making consumers goods and needs only a relatively small amount of a vital material or metal in order to keep a number of workers employed until such time as expanding defense industries are in full production. Such a proposal would not be desirable if the securing of vital materials or metals for nondefense production would mean that defense production would be impeded. It would also have to be considered whether the use of a small amount of vital material or metal in one consumer industry would mean that a like amount of vital material or metal would, therefore, not be available in some other consumer industry as this in turn would only cause a displacement problem in some other area in the country.

TRAINING PROGRAMS

TRAINING-WITHIN-INDUSTRY PROGRAM

Approximately $51,000,000,000 has been appropriated for national defense, of which contracts for some $26,000,000,000 have been placed (as of September 1, 1941). This means that large numbers of new workers and supervisors must be trained; that new demands will be made on experienced workers and supervisors as well as executives.

Shortages of skilled workers with resultant intensive on-the-job training programs have demonstrated how greatly the usual training time can be shortened and new workers gotten into production quickly when industry gives intensive training on the job. Training is largely the solution to problems of production, quality, expansion, and over-all effectiveness. Hence, training within industry makes training information and assistance available directly to all defense industries.

What the program offers.

Assistance is available to deal with three types of:

1. *Supervision.*—Expanding the supervisory force. Quick training of new supervisors. Factors affecting selection, upgrading, training, status. Organized aid to the managerial group.
2. *Production workers.*—Upgrading policy and plan. Quick training plans. How to develop instructors and potential supervisors.
3. *Trade apprenticeship.*—Providing all-around skilled craftsmen in the shortest possible time.

What the program accomplishes.

Through the efforts of systematic training, each contractor can now readily meet the skill demands of defense production. This training when carried on by all contractors will—

1. Provide production while being trained.
2. Avoid "pirating" of trained workers.
3. Help stabilize or reduce the need for migration of trained workers.
4. Assist in maintenance of better supervision.

How the program operates.

District representatives of training within industry with staffs totaling 683 of experienced industrial training men (loaned by industry) in 183 principal industrial areas served defense contractors. The service, supplied at no cost, helps each company start and operate its own training program. Training staffs are on a volunteer, part-time basis, and offer to interested companies successful experience in other industries.

One thousand five hundred and ninety defense contractors have been directly reached by training within industry field and headquarters' staffs during the first year of the program. These contractors now employ some 2,474,000 employees and face further expansion; 470,000 copies of specific training aids have been used in assisting industrial organizations and governmental agencies throughout the country.

APPRENTICESHIP TRAINING

The Federal Committee on Apprenticeship was first established by Executive order in 1934 under National Recovery Act. In August 1937, it was reestablished under authority of an act of Congress and located in the United StatesDepartment of Labor. Emergency appropriations granted by Congress since that time have increased the staff of the Apprenticeship Section to approximately 200 field representatives located in stategically important industrial areas in the United States.

The functions of the staff of the Apprenticeship Section are: To promote sound labor standards of apprenticeship in industry by joint cooperation between management and labor; to provide technical assistance in the establishment or improvement of apprenticeship systems; and to assist in the development of programs for trainees at less than the apprenticeship level under approved labor standards.

The Apprenticeship Section cooperates very closely in all its work with the Training-Within-Industry Division of the Office of Production Management, State apprenticeship councils, the Vocational Division of the Office of Education, State boards for vocational education, the State employment services, and the labor supply boards.

The actual training of apprentices and short-term trainees is given by industry; the function of the Apprenticeship Section is to promote and assist in developing such programs of training. Consequently the number of workers here reported will be those estimated as being affected by the apprenticeship program. It is estimated that somewhat more than 125,000 apprentices are employed in the United States. Of these approximately 60,000 have in some way been affected by the work of the Apprenticeship Section. The vast majority of these apprentices are white males between the ages of 18 and 25, and are employed in defense work. No estimate can be made of the number of trainees affected or employed under short-term training programs because this development has only recently been initiated.

FEDERAL SECURITY AGENCY PROGRAMS—OFFICE OF EDUCATION

(1) *Retraining refresher, supplementary and out of school youth (vocational training for defense workers).*

The program of vocational education for defense workers is designed to help meet the labor needs of defense industry for skilled and semiskilled workers through the utilization of the Nation's public vocational schools. It represents a cooperative enterprise between the United States Office of Education under policies prescribed by the Office of Production Management and the State and local school boards which actually carry on the training.

The defense training program of less than college grade may be summarized under three major headings. First are the programs which are concerned with offering supplementary, preemployment, and refresher training. The supplementary courses are for the advancement of workers already employed in defense occupations, to jobs of greater skill and responsibility. During the past year there have been 464,986 workers enrolled in these courses. At the present time there are 150,368 enrolled. The preemployment courses give induction training for immediate employment in semiskilled jobs in defense industries. Refresher courses seek to bring up to a level of immediate employability persons who have had skills important to defense, but which skills have become rusty from disuse. It also includes types of training known as retraining and conversion training. During the past year 418,350 trainees were enrolled in refresher and preemployment defense training courses. At the present time there are 101,000 enrolled.

A program for out-of-school rural and nonrural youth offers general training for mechanical occupations. This program has as its purpose the conditioning of a reserve labor supply in the direction of familiarity with tools, materials and procedures. During the past year there were enrolled in this program 238,586 youths.

Finally, the young people employed in work experience centers of the National Youth Administration were offered courses of training by the public vocational schools which supplemented their job experience. During the past year there were enrolled in these courses 250,000 youth. During the current fiscal year youth defense work projects have been established in certain National Youth Administration centers where specific training for defense occupations is given to enrollees by the public vocational schools. There are enrolled in these youth defense work projects at the present time 68,500 enrollees.

All of these programs are in addition to a regular program of Federal aid to vocational education operating for the past 24 years which in the fiscal year 1940–41 has enrolled 2,225,000 persons equally distributed between young people and adults.[1] The rapid adjustment of the vocational schools to an emergency training situation has been possible only because there existed this back-ground of Federal-State cooperative relationship.

(2) *Engineering, science, and management defense training.*

The college level defense training program was authorized under Public, No. 812, Seventy-sixth Congress, third session, approved October 9, 1940. This act appropriated to the Office of Education $9,000,000 "For the cost of short engineering courses of college grade, provided by engineering schools or by universities of which the engineering school is a part, pursuant to plans submitted by them and approved by the Commissioner, which plans shall be for courses designed to meet the shortage of engineers with specialized training in fields essential to the national defense: *Provided*, That only engineering schools which operate under charters which exempt their educational property from taxation shall be eligible to receive these funds: *Provided further*, That not to exceed 20 per centum of the amount allotted to any school shall be allotted to it for expenditure for purchase or rental of additional equipment and leasing of additional space found by the Commissioner necessary for carrying out its approved plan."

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[1] This program has been in operation for the past 6 years under the George-Deen Act and, prior to that, under the Smith-Hughes Act.

The first courses under the program were started by the engineering schools about the 1st of January. By the end of the fiscal year, June 30, 1941, 144 engineering colleges located in 47 States, the District of Columbia, and Puerto Rico had been authorized to set up under the so-called engineering defense training program 2,354 short, intensive courses to accommodate a maximum of 137,656 trainees, and $8,795,171 of the $9,000,000 appropriation had been allocated.

A continuation and expansion of this program was provided under Public, No. 146, Seventy-seventh Congress, first session, for the current fiscal year, in which Congress appropriated $17,500,000 "For the cost of short courses of college grade provided by degree-granting colleges and universities pursuant to plans submitted by them and approved by the Commissioner, which plans shall be for courses designed to meet the shortage of engineers, chemists, physicists, and production supervisors in fields essential to the national defense, and such plans may provide for regional coordination of the defense training program of the participating colleges and universities: *Provided*, That only colleges and universities which operate under charters which exempt their educational property from taxation and public degree-granting educational institutions shall be eligible to receive funds herefrom: *Provided further*, That not to exceed 20 per centum of the amount allotted to any school shall be allotted to it for expenditure for purchase and rental of additional equipment and leasing of additional space found by the Commissioner necessary to carry out its approved plan."

Since July 1, 1941, and prior to September 22, 1941, an additional 881 courses have been authorized under the new engineering, science, and management defense training program, providing for a maximum of 51,199 trainees at an estimated cost of $2,622,000.

Two kinds of training are offered: (1) Part-time courses for persons already employed either in defense or nondefense activities to give training for increased responsibility, improved technique, or new employment in fields essential to the national defense; such courses may be given either on or off campus in the day or evening, and ordinarily require about 6 to 12 hours a week in class and preparation; (2) Full-time courses primarily directed toward new employment but available to persons already employed in defense activities who may be assigned to their employers to take the work; such courses may be given either on or off campus, and ordinarily require about 45 to 60 hours a week in class and preparation. The courses in general range from 12 to 16 weeks in length.

Approximately 90 percent of the training given under the program is part-time. Some of the persons enrolled in part-time courses are available for new employment on completion of training. The bulk of the part-time trainees, however, are already employed in defense activities and are being trained for increased responsibility and improved techniques. This large ration of part-time to full-time training is due to the relative scarcity of persons with adequate preparation for the type of training authorized and the need that has developed for up-grading training as existing staffs in industry and Government are enormously expanded by defense activity.

Most of the full-time traineers are available for new defense employment on completion of training, although a small percentage of those in training are members of the armed forces detailed to the colleges, or have been assigned to full-time courses by their respective companies.

Since courses are available throughout the country and especially in the industrial areas, there is relatively little migration of persons prior to training. In general the persons who complete preemployment courses are employed within the areas customarily served by the institutions. The mobility of persons engaged in technical activities, however, is well known and there are many instances of placement in areas remote from the centers of training.

The placement of trainees who have been available for new employment has presented no problem. While complete data on placement are not available, all of the evidence indicates that many times the number available for employment could readily be placed.

A summary of the number of persons trained and in training under this program as of June 30, 1941, and the sex, color, and age characteristics of those trained appear in the following tables:

Enrollments in engineering defense training, by type of training, July 1, 1940, to June 30, 1941

Type of training	Number of enrollments concluded	Active enrollments on June 30, 1941
Total	64,061	50,823
Aeronautical engineering	6,592	4,596
Architectural engineering	167	101
Basic sciences	926	1,267
Chemical engineering	2,498	2,448
Civil engineering	3,415	2,932
Electrical engineering	3,527	3,201
General engineering	13,631	12,936
Industrial engineering	11,618	8,178
Marine engineering and naval architecture	1,672	1,474
Mechanical engineering	14,012	9,858
Metallurgical engineering	5,507	3,159
Mining engineering	109	98
Unclassified	387	575

Age distribution of representative sample of trainees in engineering defense training training courses, December 1940 to September 1941 [1]

Age [2] last birthday	515 engineering defense training trainees	
	Number	Percent
45 to 60	18	3.5
26 to 45	255	49.4
Under 25	242	47.1
Total	515	100.0

[1] Sample controlled to represent all regions of the United States and all types of courses in proper proportion.
[2] Median age, 26.7.

All enrollments, enrollments of female trainees, and enrollment of Negro trainees, engineering defense training courses, as of June 30, 1941

Item	All enrollments	Enrollments of female trainees only	Enrollments of Negro trainees only
Cumulative total, July 1, 1940, to June 30, 1941	114,884	610	816
Active enrollment, June 30, 1941	50,823	263	439

FEDERAL SECURITY AGENCY PROGRAMS—NATIONAL YOUTH ADMINISTRATION

By authority of Congress, Public, 146, the National Youth Administration has established a program for work experience in authorized defense occupations. This work experience is combined with a specific organized shop training program provided through local vocational schools operating under the direction of the United States Office of Education.

Because the youth defense work program (national defense) of the National Youth Administration has been in operation only since July 1, statistical data of the exact nature requested is not available, the National Youth Administration reporting system being set up on a quarterly basis. Complete statistical data will be available for the months of July, August, and September on or about October 15.

The following facts relative to the July and August youth defense work programs are also submitted:

During August 1941, a total of 75,068 different youth were employed on projects of the youth work defense program.

During July and August 1941, an approximate total of 17,500 youth left the youth work defense program to take jobs in private industry.

The average age of youth employed on the youth work defense program is approximately 20 years.

The largest concentration is at the 19-year level, which includes more than one-fourth of the total number.

Sixty-nine percent of the youth are under 21 years and 9 percent are more than 23 years.

Less than one-fifth of the employment on the youth work defense program consists of girls.

On the youth work defense program 88.5 percent of the youth are of the white race and 11.5 percent are other than white.

WORK PROJECTS ADMINISTRATION

The Second Deficiency Appropriation Act, 1940 (Public, No. 668, 76th Cong.) approved June 27, 1940, amended section 1 (b) of the Emergency Relief Appropriation Act, fiscal year 1941, to include projects for training for manual occupations in industries engaged in production for national-defense purposes in the list of types of public projects that may be prosecuted with funds appropriated to the Work Projects Administration for the fiscal year 1941.

Accordingly, a Nation-wide vocational training project was sponsored by the Office of Production Management and cosponsored by the United States Office Education which provides for participation by the Work Projects Administration in the preemployment and refresher defense training program of the United States Office of Education which is operated through State and local vocational education authorities. It is predicated on the use of existing vocational schools and related facilities. The courses are usually based on intensive 12-week training periods. Work Projects Administration funds in the amount of $53,118,114, authorized by this project, are primarily used to meet the subsistence needs of Work Projects Administration trainees by payment of a security wage while undergoing training. The cost of instruction and supplies is paid for out of funds supplied by the United States Office of Education.

A second Nation-wide project was sponsored by the Advisory Commission to the Council of National Defense and cosponsored by the Civil Aeronautics Administration which provides for in-service training of airport servicemen at airports designated by the Civil Aeronautics Administration. Work Projects Administration funds in the amount of $1,429,690, authorized by this project, are used to pay the security wage of Work Projects Administration trainees and the cost of instruction. This project has recently been put in operation and at the present time training is taking place in 29 States. As additional airports are designated by the Civil Aeronautics Administration, the program will be expanded throughout the Nation. The training of airport servicemen under this project is limited to Work Projects Administration trainees.

In the vocational training program, the determination of need for training in specific occupations is made by local advisory committees representing employers and labor, schools, and referral agencies. The initiation of preemployment and refresher training courses in these occupations is then a responsibility of the local vocational school authorities, provided the necessary training facilities are available. Where facilities are available and training is instituted, the Work Projects Administration has been allotted approximately 50 percent of the number of trainees enrolled for training. The extent of training under this program, consequently, depends on the need for training in designated occupations as determined by local advisory committees and the availability of training facilities.

SCOPE OF THE PROGRAM

The training of persons who are on the certified rolls of the Work Projects Administration is helping to meet the requirements of the defense program in designated essential occupational skills. In addition, such training is a logical and effective means of qualifying needy persons for gainful employment and removal from public relief rolls. The extent of this means of qualifying needy persons for gainful employment is limited in scope by the present Emergency Relief Appropriation Act, 1942.

Work Projects Administration trainees are now undergoing vocational defense training in 791 communities in the 48 States, the District of Columbia, Hawaii, and Puerto Rico. Since the inception of the defense-training program, July 1, 1940, there have been 144,660 Work Projects Administration trainees enrolled in these courses up to August 27, 1941. As of this date 37,321 were still undergoing training. Of the 107,339 who were no longer in training, approximately 63 percent, or 66,939, had left the rolls of the Work Projects Administration for gainful employment made possible as a result of the training which they had received, and the balance for whom gainful employment was not immediately available are being rapidly absorbed as new defense plants and defense contracts reach the production stage. Expenditure of Work Projects Administration funds to date for the training has averaged approximately $150 per trainee.

Operating airports in 29 States from Maine to California have so far been host to training classes of Work Projects Administration airport servicemen; 55 classes are still in operation. Over 75 percent of all graduates of the airport servicemen training courses have taken private employment in jobs related to their training.

No break-down is kept for placements by type of defense occupation, nor has statistical data yet been assembled as to the age or sex grouping of those trained and placed. A study of the age characteristics of those currently in training is now under way.

All other date requested is included herewith.

1. Number of trainees on Work Projects Administration training project to date: Total, 144,660; white, 128,804; other, 15,856.

2. Number of workers who have obtained private employment or voluntarily left the Work Projects Administration program: Total, 66,939; white, 62,568; other, 4,371.

3. Number trained but not yet placed: Total, 40,400; white, 33,878; other, 6,522.

4. Number still in training: Total, 37,321; white, 32,358; other, 4,963. (See separate chart of occupation.)

5. Sex and age of those trained and placed: This information is not available.

Number of trainees employed by Work Projects Administration on national defense vocational training projects, by type of training, United States and Territories, Aug. 27, 1941 [1]

Type of course:	*Number o Trainees*
Auto services	3, 244
Aviation services	2, 535
Machine shop	12, 701
Welding	5, 588
Drafting	949
Pattern making	838
Woodworking	1, 580
Riveting	465
Sheet metal	3, 490
Radio services	221
Electrical services	1, 923
Foundry	892
Forge	474
Ships and boat building and repair	1, 358
Construction	521
Other	542
Total	37, 321

[1] Partly estimated, subject to revision.

Work Projects Administration trainees are paid a security wage by the Work Projects Administration during the period of training. Since only workers who are in need are assigned by the Work Projects Administration, the wage is needed by these trainees to maintain themselves and their families during the training period. Without the Work Projects Administration wage, the persons assigned by the Work Projects Administration could not remain in training.

Coordination Under Colonel McSherry

On March 27, 1941, Paul V. McNutt, Administrator, Federal Security Agency, created the position of Director of Defense Training, Federal Security Agency. The duties of the Director of Defense Training are to direct and supervise all defense training programs conducted by the constituent units of the Federal Security Agency. On the same date the Administrator, Federal Security Agency, designated Lt. Col. Frank J. McSherry, General Staff Corps, to be the Director of Defense Training, Federal Security Agency. In order that the constituent units would have definite instructions on policies governing conduct of defense training programs a mimeographed statement entitled "Instructions and Policies Governing Conduct of National Defense Training Programs of the Federal Security Agency" was prepared by the Director of Defense Training and approved by the Administrator, Federal Security Agency, and the Director, Labor Division, Office of Production Management. This document outlines the definite occupations in which training might be given, the relative importance of the different types of training, the training of the unused labor supply, and similar data. In addition this document set up an organization to insure more effective collective action of the constituent units insofar as defense training is concerned. To accomplish this councils of State administrators were established consisting of a representative designated by the State board for vocational education, State administrator of the National Youth Administration and the State employment security agency. The Council of State Administrators acting under the policies and regulations promulgated by their respective Federal and State authorities decide all questions involving the effective coordination of the activities of two or more of the participating agencies in the establishment and operation of public defense training programs, including selection, placement, and work experience within the State. Similarly, councils were established at the local level.

At the same time a supplement to this document entitled "Administrative Procedures Governing Conduct of National Defense Training Programs of the Federal Security Agency" was prepared by the Commissioner, United States Office of Education; Administrator, National Youth Administration; Director, Bureau of Employment Security, Social Security Board; and the Director of Defense Training, Federal Security Agency, and distributed to the constituent units participating in the defense training program. This latter document amplified certain points contained in the basic policy document as well as certain instructions in administrative procedures considered necessary.

Under this organization the participating agencies have been brought together thereby eliminating friction that existed previously between public agencies. The preemployment defense training programs have become more specific and geared definitely into the needs of defense industries. The reports we have received from all over the Nation indicate that the organization is effective and is accomplishing the results desired.

Coordination of Training Program With the Contracts Division

By Contracts Division, it is assumed, is meant the contract awarding machinery of the defense program. The Plant Site Board, which has the responsibility of approving the location of new plants, collects information relating to the character of the available labor supply and training facilities in the area in which a given defense plant is to be established. The Office of Education is called upon frequently to furnish to the Plant Site Board and related agencies information concerning the capacity of the vocational schools to provide the necessary training and the availability of trainees in connection with the product which is to be manufactured at the new site.

The general pattern of defense training is geared in, very intimately, with all available indexes of defense production, namely, contracts awarded, labor requirements, Government and private assistance in plant construction. The Training Planning Section of the Defense Training Program in the Office of Education has as its specific responsibility the collection, analysis, and interpretation of all available data relating to defense activity. This information is passed on to the regional agents, who in turn transmit this data to the State and local vocational authorities.

On the regional, local, and State levels, administrative mechanisms have been established which bring together the operating personnel of the vocational schools, the United States Employment Service, the National Youth Administration, the Work Projects Administration, the Defense Contract Service, and the Training Within Industry Branch of the Office of Production Management. Moreover, the vocational school authorities are guided and assisted by advisory committees with representatives from defense industry employers and workers whose function it is to give specific advice on the numbers of persons to be trained and the occupations for which training should be given. In this fashion it has been possible to develop a close relationship between the labor requirements of defense industries and the character and quantity of training necessary to meet these labor requirements.

There is presented herewith a tabulation showing, by census of manufacturing regions, distributions of expenditures for equipment and for all purposes other than equipment under the defense training program, Government aid for expansion of industrial facilities, and additional labor required in selected defense industries. The tabulation is prepared on a regional rather than a State basis because comparisons of indexes of training activity with indexes of defense production are more valid on that basis.

Comparison of defense-training program expenditures with defense-production activities [1]

Region	Distribution of expenditures for equipment to Aug. 31, 1941 (P. L. 812) (fiscal year 1941)	Distribution of expenditures for equipment to Aug. 31, 1941 (P. L. 146) (fiscal year 1941)	Distribution of expenditures for equipment to Aug. 31, 1941 (P. L. 146 and 812) (fiscal years 1941 and 1942)	Distribution of expenditures on defense training program (excluding equipment) to July 31	Distribution of additional labor requirements in aircraft, shipbuilding, machine tools, ordnance	Distribution of Government aid for expansion of facilities through July 1941
Total	100.00	100.00	100.00	100.00	100.00	100.00
United States	100.00	99.32	99.62	99.61	100.00	90.06
New England	9.05	11.28	10.30	7.98	9.61	6.07
Middle Atlantic	22.05	14.03	17.69	30.39	18.59	14.22
East North Central	16.33	20.36	18.45	23.93	24.23	19.25
West North Central	2.61	5.82	4.36	4.35	6.18	7.61
South Atlantic	11.60	6.56	5.84	8.53	10.63	15.13
East South Central	5.70	3.86	4.70	3.63	3.95	7.07
West South Central	6.73	9.52	8.25	4.69	4.83	9.35
Mountain	1.22	6.93	4.35	3.49		2.26
Pacific	24.71	20.96	22.68	12.62	21.98	9.10
Off continent and unassigned		.68	.38	.39		9.94

[1] Derived from data of U. S. Bureau of Labor Statistics and U. S. Office of Education.

Training does not occur in each State exclusively for employment in the same State. Labor market areas transcend State boundaries and in communities where expansion is pronounced, the labor supply is frequently drawn from distant points. In many cases, such as in States contiguous to California, the bulk of training is being done for placement outside the State. Preparation of this tabulation on a regional basis eliminates errors due to this factor which would be present in a compilation showing State by State distributions.

There is in general a close correspondence between the expenditure of funds under the training program and training needs as indicated by additional labor required and expansion of industrial facilities.

There are some apparent discrepancies which require explanation. The Middle Atlantic region has received 30.39 percent of defense training funds (excepting funds for equipment) although only 18.59 percent of the demand for additional labor is from this area and only 14.22 percent of defense facilities expansion will occur there.

The divergence is attributable to the apparently excessive funds going to New York State which has received 19.66 percent of training funds. These figures, however, are deceptive. In most instances expenditures represent actual disbursements by communities. In the case of New York, however, the figures represent money allocated to New York State and which it has allotted to communities. Much of this money will remain in unexpended balances and will be refunded.

The Pacific region shows apparent inadequate training activity with only 12.62 percent of training funds spent in it, although 21.98 percent of the demand for additional workers is from the region. This is attributed to the extremely serious pressure on the labor supply on the Pacific coast which has made it impossible to find sufficient trainees in the area and has made it necessary for west coast industry, particularly aircraft, to secure its labor force from all over the country.

That the training program is conscious of its responsibilities in this area is indicated by the large proportions of funds for school equipment which have been allocated to the area. For the fiscal years 1941 and 1942, 22.68 percent of equipment funds have been spent for this region by August 31, 1941.

SELECTION OF OCCUPATIONS IN TRAINING PROGRAM

The occupations for which training may be given in the Defense Training Program are limited to those contained in List of Occupations Approved by the Office of Production Management for Vocational Training Courses for Defense Workers prepared by the Bureau of Employment Security of the Social Security Board in cooperation with the United States Office of Education.

The above-mentioned list of occupations enumerates and defines 550 occupations. Since the purpose of the approved list is to provide a guide for the establishment of courses under the vocational training program for defense workers, occupations not suitable for such training were omitted. Occupations excluded were those requiring training of professional grade, those for which training can be given only on the job and those requiring such brief induction training that preemployment training course has not been considered necessary. Some of the occupations included in the list normally requiring training much more extensive than can be given in these courses are included because certain phases of related training can be provided. The inclusion of an occupation in the approved list does not mean per se that training should be given for these occupations in any or all communities. It merely means that such an occupation is important in the defense program and may be considered as an appropriate field for training if the local conditions of labor supply and demand warrant such training.

The United States Employment Service and the advisory committees have the initial responsibility of presenting to the training authorities the schedules of labor requirements of defense industries. These schedules normally indicate the specific occupations for which training courses should be set up, the number of persons required by occupation and the intervals at which trainees must complete training in order to man defense jobs.

SKILLS TO BE RELEASED BY PRIORITY CURTAILMENT

The Office of Production Management in cooperation with representatives of industries and labor organizations effected by priority curtailment is working very closely to minimize and where possible to avoid any unnecessary unemployment of workers affected as the result of priorities. In general this problem is considered from the angle that displaced qualified workers will be given preference in referral to employment in defense industries in the given community. Dislocated workers are also given preference in conversion training courses to prepare them for jobs in defense industries. Conversion training courses are established upon determination of need therefor.

The effect of dislocation of workers on the training programs may be summarized as follows: The existing defense training facilities will be utilized to a maximum extent required in the retraining or conversion training of displaced workers as indicated; the facilities available over and above those required for conversion training will be utilized to a maximum for supplementary training in order to adjust workers more speedily to their new jobs (supplementary courses are for employed workers); if there are any remaining facilities available for training, they will be utilized for preemployment training as they have heretofore been utilized.

Naturally, the number of dislocated workers possessing skills available for placement will affect the number to be given preemployment training.

SUPPORT OF WORKERS WHILE IN TRAINING

From the inception of the defense training program in June 1940, provision was made for the payment of wages to the regularly assigned Work Projects Administration workers receiving training in the public vocational schools. This device has served two purposes. It has permitted the reduction of the Work Projects Administration rolls by training Work Projects Administration workers for immediate employment in defense industries. Secondly, it has made the retraining possible with no hardship to the individual Work Projects Administration worker.

A similar procedure is in effect with relation to young people in the work experience centers of the National Youth Administration. Congress has given the public vocational schools the responsibility for the vocational training of these young people. The National Youth Administration workers are required to spend 80 hours in training and 80 hours in work experience centers. The National Youth Administration pays these National Youth Administration workers during this period.

Under current consideration is a project to utilize the Civilian Conservation Corps in areas in which there are shortages of trainees. According to this plan, prospective trainees would enroll in the Civilian Conservation Corps, receiving Civilian Conservation Corps wages and at the same time securing training in specific defense pay-roll jobs.

The support of dislocated workers due to priority curtailment of nondefense industries is receiving serious consideration of all interested agencies. At the present time there is some support available for these workers:

(1) Certain industrial plants are now operating or planning to operate training programs for employed workers in order to effect transfer to defense jobs with a minimum of unemployment.

(2) Unemployment compensation will provide a weekly amount for those who are eligible as a result of establishing wage credits, varying from $15 to $18 for a period, dependent upon individual State laws, from 12 to 20 weeks.

(3) Certain dislocated workers after a period of time may be certified to the Work Projects Administration.

(4) A limited number of the younger workers under 25 years of age may enroll in the National Youth Administration defense project and receive training in these projects.

Without a doubt there will be certain dislocated workers who for one reason or another have not built up a credit in unemployment compensation and who are not eligible for the Work Projects Administration or the National Youth Administration who must of necessity fare the best they can during the training course.

It is hoped that much of the conversion training, both in industry and in the vocational schools, can be given to employees who are to lose their employment because of priorities prior to the date they are laid off. In this way these workers would be available for defense industries as soon as the jobs are open. Training of this type is being carried on in the Hudson plant at the present time.

TRAINING AS AN ALTERNATIVE TO IN- AND OUT-MIGRATION

It is the policy of the Office of Production Management that the local labor supply will be fully utilized prior to importation of labor from other communities. The need for such a policy was recognized by Mr. Knudsen, Director General of the Office of Production Management, in a letter to all holders of defense conttacts dated February 27, 1941. In this letter Mr. Knudsen emphasized the desirability of fully utilizing the local labor supply by defense contractors prior to recruiting workers from other communities. This policy for employment of workers by defense contractors set the pattern for the policy of defense training programs. As a result, training programs in the community where the defense plant is located will be so geared as to train available workers possessing employer specifications.

When it is apparent that the local supply of trainees is inadequate to meet the needs of the given defense contractor, or if existing training facilities are inadequate, training is authorized in other communities. Trainees completing the courses in communities other than where the defense plant is located will not be referred to jobs until the local supply of qualified workers has been exhausted and defense jobs are available for such referrals.

The Training Within Industry Section has constantly advocated and, insofar as possible, has influenced defense employers to establish upgrading programs within their plants to meet the needs for skilled workers. The Training Within Industry Branch is assisting employers wherever their services are requested in establishing such training programs in order that the need for skilled workers might be met as much as possible with the local labor supply. The training programs established within industry have been supplemented by programs established by the vocational schools for instruction in related subjects in order to expedite the development of skills in workers being upgraded. It might be well to point out here that the training of skilled workers, such as tool makers, instrument makers, and similar craftsmen, cannot be completed in a period of a few months. The development of craftsmen of this type requires a 4-year apprenticeship or its equivalent. Hence, defense training programs are designed to upgrade men already employed to higher levels of skill, and feed in men trained for a single operation at the bottom. The job requiring skill in a single operation can be taken care of by trainees of preemployment courses of short duration. The man to be upgraded must have instruction on the job as well as instruction in related subjects.

However, in certain communities the hiring practices of defense contractors are such that all of the available local labor supply is not utilized. For example, in some communities there is a supply of qualified colored workers available who are not given employment in defense industries. Similarly, in other communities there are workers of other minority groups who are qualified and who have not been able to secure employment. The policy governing defense training programs in communities where a part of the local labor supply is not being utilized by defense contractors, is to insure that a small number of such workers of minority groups are trained and available for employment. This is considered desirable in order that if and when a defense contractor changes his hiring practices to employ members of the minority groups, a small supply of trained workers will be immediately available.

EMPLOYMENT LEVEL TO WHICH TRAINING PROGRAM IS GEARED

The answer to this question may be approached in two ways; from the viewpoint of the numerical level and from the viewpoint of the skill level.

At the outset of the defense training program in June 1940 and for many months afterward, the vocational school authorities in the States and local communities and the United States Office of Education, did not have available any data approximating a supply and demand schedule for labor in defense industries. The United States Office of Education, in making its estimates of training requirements, and the State and local vocational school authorities, for the most part, relied upon the active guidance and assistance of their respective advisory commitees and the United States Employment Service for information with respect to the specific occupations for which training should ge given and the numbers to be trained.

The first systematic attempt at relating estimated training load to the level of defense employment came with the hearings on the defense-training budget for the 1941–42 fiscal period. The Office of Education, in submitting estimates of defense employment, utilized the conclusions of agencies such as the United States Bureau of Labor Statistics, the Bureau of Employment Security of the Social Security Board, and the Labor Division of the Office of Production Management.

According to these estimates, which were made in March 1941, the number of workers employed in defense industries February 1941 was 4,307,000, of whom 2,000,000 would require supplementary training. It was estimated that between June 1941 and June 1942, there would be a total of 2,092,000 additional workers employed, of whom approximately 1,080,000 would require training. In preparing these estimates of training, the Office of Education assumed that, for the greatest part, the requirements for workers in the upper brackets of skill would be met from those already employed through a process of upgrading. For estimating purposes, it was roughly anticipated that 50 percent of the persons already employed in defense industries would require training for this purpose, or, in other words, supplementary training.

It was assumed that roughly 50 percent of the additional workers to be employed in defense industries would require induction training, or in other words, preemployment-refresher training. In justification of these rough estimates, it must be remembered that there existed no reliable data on the relationship of the training load to defense employment.

It was estimated that there would be available in the fiscal year about 82,000 public vocational school training stations which would be subjected to varying degrees of capacity utilization for defense purposes. It was estimated that these 82,000 training stations would provide training for 1,056,000 preemployment-refresher trainees and 795,994 supplementary trainees during the fiscal year. In the explanation accompanying these estimates, it was indicated that this distribution, as between preemployment-refresher trainees and supplementary trainees, should not be construed rigidly; furthermore, that because of the less intensive utilization of training stations by the supplementary trainees, an increase in the number of supplementary trainees might be achieved at the expense of a proportionately smaller decline in the number of preemployment-refresher trainees.

The figures on July 1941 enrollment bear out this inference. According to our estimates, July should have shown an enrollment of 123,984 in preemployment-refresher courses and 112,335 in supplementary courses. The actual enrollment revealed that the net enrollment in preemployment-refresher courses was 101,116 and the net enrollment in supplementary courses was 150,388. It will be seen that, whereas the actual net enrollment in preemployment courses showed a reduction of 22,868 from the estimated enrollment, the reduction in the actual supplementary enrollment from the estimated enrollment was 28,053. It will also be seen that our estimates show a greater enrollment in preemployment than in supplementary courses, whereas the actual enrollment data show an increase of supplementary over preemployment.

The difference between actual and estimated enrollment data bears out what is now a distinct trend in the character of training; namely, that the greater part of the training program is concerned with upgrading persons already employed, to jobs of greater skill and responsibilities. The type of defense training which complements this up-grading program is, of course, supplementary training.

FIVE PROBLEMS IN ADJUSTING PROGRAM TO SKILLS

From this point of view of the level of skill to which the defense training program is geared it is possible to distinguish five major problems of varying degrees of importance.

The first, and most pressing, problem has been a shortage of qualified workers in the higher brackets of skill. Machinists, tool makers, die makers, loftsmen, and pattern makers are illustrative of the high order of skill involved. It has been estimated that in the year ending April 1942, selected defense industries will require more than one-half million workers in the skilled categories. It has been recognized that as the number of unemployed workers with the requisite skills reach the vanishing point, the greater part of the need for skilled workers would have to come from the ranks of experienced workers on the lower levels of skill.

Second, although less pressing, the sheer number of persons to be hired in semiskilled jobs has constituted a serious problem.

Third, the induction of large numbers of new workers in semiskilled occupations and the necessity for breaking down the operations in the skilled occupations has raised the problem of providing an adequate force of foremen and subforemen.

Fourth, as the exercise of priorities in materials has curtailed employment in nondefense industry, there has arisen the problem of retraining the workers thus employed to make them employable in defense industries. Illustrations of this may be found in unemployment in the automobile, silk, and aluminumware industries.

Finally, although there appears to be no general shortage of labor numerically, it has been considered a matter of good public policy to develop a secondary labor reserve.

SUPPLEMENTARY INSTRUCTION

It is, therefore, this kind of labor market situation to which defense vocational training has had to adjust itself. Supplementary instruction has been the major source of training utilized to alleviate the shortage of skilled workers. This type of instruction is given during out-of-work hours, and takes one or both of two forms.

In the first instance, as part of an in-plant upgrading program, it seeks to teach employed persons to perform at a higher grade of skill than they are now doing by permitting them to work in a school shop under expert supervision and direction and with the pertinent tools and machines. At the time when machine facilities and factories are being utilized to full capacity in actual production, it is not feasible, in many instances, to permit extensive learning on the job, in the process of which such machines would be diverted from production.

Secondly, supplementary instruction provides the related knowledges which are essential in the performance of semiskilled jobs in the higher levels and all skilled jobs. In this category would fall such courses as blueprint reading, shop mathematics, and mechanical drawing. Here again, it is not feasible, for the most part, to provide such background training on the job. It has been found that the school shop makes possible a more effective acquisition of such knowledge. Between July 1, 1940, and July 31, 1941, a total of 548,000 persons have been trained in supplementary courses under the defense-training program.

Prospective trainees for supplementary courses are usually referred to the schools by employers and labor organizations. The educational authorities work with local representatives of the Training Within Industry Branch of the Office of Production Management in the utilization of supplementary instruction as a desirable and effective means of complementing the program of training within industry.

Supplementary instruction serves much the same purposes in the apprenticeship program. That is, it provides the training in manipulative skills which cannot be given adequately in the plant or factory. It also gives the apprentice instruction in the related knowledge which is necessary. On the Federal level, the Office of Education cooperates with the apprenticeship unit of the United States Department of Labor in establishing desirable standards of educational participation in the apprenticeship program. Thus, the minimum standard of 144 hours per year of related instruction in the vocational schools has been set up as a necessary part of an approved apprenticeship system.

Locally, the schools cooperate with the apprenticeship unit of the State department of labor, the apprenticeship committee, composed of representatives from employer and employee groups where such agencies function, and the regional representative of the Federal apprenticeship unit. In many cities the vocational school authorities have appointed an apprentice coordinator whose function it is to adjust the related instruction of the apprentice to his work experience on the job.

PREEMPLOYMENT COURSES

A major source of semiskilled workers in defense industries are the preemployment courses. The preemployment courses offer induction training to unemployed workers. The objective is to provide instruction which will fit the trainee for immediate employment. The emphasis is put on training for a specific payroll job, rather than on simply general conditioning.

In previous legislation authorizing defense vocational training, the formal designation for this type of course was "preemployment refresher," on the assumption that there existed a reservoir of skilled and semiskilled workers who, with a short amount of "refreshing," could brush up on skills which they had commanded previously. It is apparent now that the numbers of workers with refreshable skills has gradually, if not completely, been exhausted. Public Law 146, the most recent legislation, therefore uses the designation "preemployment and refresher," in this way taking notice of the fact that at this stage in the condition of the labor market it is necessary to give training to persons who do not have refreshable skills and who are new entrants into the labor market. Between July 1, 1940, and July 31, 1941, a total of 472,000 persons have received training in preemployment courses.

Prospective trainees for preemployment courses are required by law to be referred to the schools by the United States Employment Service. Other authorization makes possible the referral by the Work Projects Administration of Work Projects Administration workers to preemployment courses. Such Work Projects Administration referrals receive work-project wages while in training. It has been recognized as an element of good public policy to transfer, as rapidly as possible, persons on Work Projects Administration rolls to gainful employment divorced from the connection with relief.

The educational authorities have attempted to meet the problems raised by the need for competent foremen and subforemen through intensive utilization of the foremen-training staffs of both the United States Office of Education and the State and local vocational school authorities.

Through the conference method the foremen conference leaders emphasize the functions of the foreman as an instructor. The instructional aspects of the foremen job may be thought of in terms of job analysis, planning of instruction, and the teaching process. The technique of job analysis involved an ability on the part of the foremen to examine the details of the job from the beginner's point of view. The experienced worker frequently overlooks significant details of the job which have, in a sense, become automatic to him. There is also involved in the ability on the part of the foremen, the recognition of key motions, in other words, the "knacks," which are indispensable in the satisfactory performance of each task.

With the analysis of the job on which the new worker is being broken in, as the framework, the foremen should be able to devise a program, or plan, indicating points which must be stressed, the sequence in which operations are to be taught, and the methods of developing satisfactory productive efficiency on the part of the new worker. Finally, the foremen should be able to command a practical understanding of the elements of the learning and teaching process.

It is, then, these abilities and knowledges which the foremen conference leaders impart to prospective foremen trainers and, in many instances, to the foremen themselves. All of this, of course, assumes that the foremen are occupationally competent.

PRIORITIES UNEMPLOYMENT NECESSITATES RETRAINING

The problems raised by what may be called priorities unemployment have resulted in essentially a retraining program. A concrete situation of this kind may be illustrated by citing the unemployment of 3,600 automobile workers in the Buffalo industrial area. While many of the occupations in the automobile industry are comparable to other occupations in defense industries, notably in the aircraft industry, the operations are nevertheless not identical. In cooperation with other agencies concerned with the problem of labor supply the Buffalo vocational schools are offering short intensive courses specifically designed to make the transition from one job to another as short as possible and at the same time assure the acquisition of the skills necessary to satisfactory performance of specific pay-roll jobs.

From the instructional point of view, the problem of developing a secondary labor reserve does not involve training for specific occupations, but rather a general conditioning of the trainee to factory and shop practices and an understanding of tools, materials, and machines. The out-of-school youth training program and the training program for youth on the work projects of the National Youth Administration have been set up precisely for this purpose of developing a secondary labor reserve. Since the youth affected by the out-of-school youth and the National Youth Administration programs reside, for the greatest part, in rural communities, these programs serve the additional purpose of providing a conditioned labor supply which may be of substantial importance in connection with the increasing significance of the less densely populated areas in defense production. In view of the potential shortage of farm labor, the specific training of rural youth for defense occupations is carried on as well with due consideration to defense agricultural labor requirements. Trainees for both youth programs are required to file a registration card with the Employment Service, but no prior registration is mandatory. In the fiscal year ending June 30, 1941, 300,000 young people received training in the out-of-school youth training program and 250,000 National Youth Administration enrollees received training on the National Youth Administration vocational training program administered by the various State boards for vocational education.

Other groups of workers of additional labor supply which are not normally in the labor market in the heavy defense industries are women workers. The Office of Education has followed a policy that defense training programs should be set up for women workers where there are existing or anticipated employment opportunities for women in specific occupations. There is apparent an increasing utilization of training facilities by women who are preparing themselves for occupations which have been traditionally limited to male workers. This is, of course, a reflection of the increasing opportunities available for women in defense industries.

OPPORTUNITIES FOR NEGRO WORKERS

Where there are existing or anticipated opportunities in defense occupations for Negro workers, adequate provision will continue to be made for their training. In areas where there are serious color limitations in employment, defense occupations in which Negroes are being used are being reported promptly and training of Negroes in these fields are offered to the extent needed to facilitate the maximum use of the local labor supply. Negroes are trained in selected occupations in communities where, at the present time, there may be no opportunities for them but in which it is probable that their services will be used at a later date by defense contractors.

REGIONAL DIFFERENCES IN THE SCOPE AND TYPES OF THE TRAINING PROGRAM

The preemployment courses in the program of vocational training for defense workers are designed to prepare workers to take jobs in defense industries. They are geared to provide workers to industry to the maximum possible extent in the locality in which the training is given. The pattern of training in each area, therefore, coincides with the pattern of the defense industrial composition of the area.

As the defense program expands substantially, new industries such as aircraft production and the production of some types of ordnance products are being built from the ground up. Other industries, such as shipbuilding, are increasing their capacity manyfold. As these expansions have occurred, we have found that industry has tended to concentrate in particular areas of the country. Eighty-seven percent, for example, of July employment in the aircraft industry was in plants located in the North Atlantic area and on the Pacific coast. Similar concentrations are found in shipbuilding in the coastal area and in machine tools in the Northeast. Where this has occurred, training for these industries has also been concentrated and courses and enrollments have been offered in the field which offers the greatest placement opportunities.

As an industry becomes dispersed, the employment and training of workers in it also tends to disperse. In the aircraft industry, for example, the proportion of employment from March to July 1941, in the central and southern areas increased from 13 percent to almost 19 percent. As plants are constructed and contracts are awarded in these regions, the labor requirements of the industry begin to take shape and the training program adapts itself to these needs.

TWO FUNCTIONS OF TRAINING PROGRAM

The training program was originally designed to perform two functions: (1) To refresh the skills of workers who had been employed at a craft and had lost their skill out of long disuse during the depression, and (2) to give employed persons training in advanced skills so that they might be upgraded on the job.

As industry expanded in certain regions faster than in others and the pressure of the labor supply became severe in the areas of greatest expansion, it was found that the essential character of the program began to differ among regions. In some areas in the Western and North Pacific regions, particularly, the reservoir of unemployed that had been built up in depression years became depleted. Unemployed persons with refreshable skills no longer existed. The training program then resorted to unemployed persons with no previous experience in the industry for preemployment training courses. In many communities on the Pacific coast and in the North Atlantic where substantial hiring has been done and where considerable additional labor is required to staff still expanding industries, even these persons have disappeared. Where they do exist, employer needs for additional workers are so pressing that they are being hired without previous experience or training. In these regions, therefore, enrollments in supplementary courses are becoming greater and greater proportions of total enrollments in the defense training courses. The special job of the training program has become to provide workers with higher skills or with knowledge in collateral skills such as blueprint reading and shop mathematics so that they might be advanced on the job to positions of a higher level of skill, and to provide training in basic skills for persons who were taken on by industry without previous experience or training.

In the central and southern regions, on the other hand, the defense program has not been felt to the same extent. There has not been the same general depletion of labor on the skilled levels and there are still available large numbers of unemployed youth. Thus, the training program in these regions still retains the twofold function, as originally conceived, of refreshing skills and uptraining employed workers. In addition, unemployed persons with no previous experience are being trained in the basic skills to take jobs in defense industry. However, as the defense program expands, and as defense contracts and facilities flow into the central and southern regions, it can be expected that the labor requirements situation and the training program will more and more resemble what has developed in the North Atlantic region and on the Pacific coast.

EMPLOYER ESTIMATES OF NEEDED WORKERS WITH SPECIAL SKILLS

There is noticeable an increasing ability on the part of defense employers to predict their labor requirements with greater accuracy. This has resulted from the greater speed with which defense contracts have been awarded. In the early stages of the defense program, it was rather difficult to get from employers estimates of labor requirements far enough in advance to do the necessary training, in large part because they had no clear notion of the demands the defense program would put upon them. Another element in the early difficulty of employers to estimate their requirements was their unfamiliarity with what the training program could do for them. As they have had increasing demonstration of the ability of the training program to do a sound training job, there is apparent a more effective relationship between the training authorities and defense employers. Frequently, it isn't enough to be able to predict how many workers will be needed and in what occupations such workers will be needed. There must also be some indication of when such workers will be needed. In other words, the tempo of accession exerts a significant influence on training.

Where it has been possible to closely gear the training program for preemployment training to the needs of the industries, and trainees are selected to meet the referral specifications of the defense contractor, placements have been almost automatic. On the other hand where trainees are selected for training courses without regard to the referral specifications of the employer or employers for whom the training is specifically set up, placement of trainees completing preemployment courses is not so good. Of course, many men trained will eventually find employment in other concerns than the ones for which the training was specifically geared. As an example there are many colored trainees who have been trained as machine operators in the Chicago defense training program while the referral specifications of the larger defense employers indicate white workers. Consequently, the placement of colored trainees is practically nil, while at the same time these defense contractors need additional trained machine operators.

In some cases defense employers have been unable to give employment to trainees upon the competion of the courses due to their inability to complete a new plant, or equip a new plant, or due to delay in deliveries of materials needed in production. Delays of this character are frequently temporary and the trainees are absorbed when the given conditions are rectified. In other instances, workers completing training, finding no placements in the plant upon whose need they were given training, will seek other jobs. This may result in out-migration.

ESTIMATES OF NUMBER TO BE RETAINED—MIGRANTS OR RESIDENTS

It is impossible to estimate the number of workers who will have to be trained or retrained until the total number of workers that will be laid off due to priorities is known. In certain places where dislocation of workers in nondefense industries due to priorities has taken place, app oximately one-third of the workers have been referred to training courses and are being retrained. Many variables are inherent in the problem: The type of industry in which the lay-off occurs the number of existing defense contracts in the community, and the extent to which the industry or industries are expanding, the ability of existing plant facilities in the community to take on additional contracts, as well as other similar considerations. The defense training program for dislocated workers must be geared to meet the needs of defense industries and the skill of the laid off workers. In some communities and in some industries this conversion defense training program will be very small, while in other communities and in other industries it may well be that the majority of the workers will need conversion training of some kind or other.

In regard to the total number of workers that will have to be retrained, it is impossible to give any accurate estimate. However, we know that there will be approximately 2,500,000 additional workers absorbed in defense industries during the next year. Approximately 38 percent of these workers must be skilled and 37 percent semiskilled. In the skilled division some may be obtained from dislocated workers in nondefense industries; in the semiskilled category, however, the bulk must be given conversion training. It is not believed that the defense training program will be decreased due to the release of skilled and semiskilled workers in nondfense industries affected by priorities. The migration of displaced workers will depend to a very large extent on the defense contracts that have been or may be let in the community where the dislocation occurs. Until the defense contracts to be placed in a community are let, it would be difficult to estimate what migration of workers may be.

TRAINING PROGRAM AND DISTRIBUTION OF MACHINES

It is assumed that the intent of this question is the relationship of the geographic distribution of the training equipment to the distribution of the industrial machinery on which persons completing training will work. In the earlier stages of the defense production program, contracts were awarded rather largely in the areas where production capacity for the contract items already existed. For all practical purposes, this meant the concetnration of defense production in the North Atlantic and Pacific coast areas. A noticeable trend in the later stages of defense production program has been the wider geographical distribution of defense contracts. The full force of this trend is yet to be felt.

Geographical distribution of equipment of the public vocational schools for the normal training job has rather largely paralleled the geographic distribution of industry. However, defense production has been characterized by an unusual concentration in heavy industry. This has meant that, even in the earlier stages of defense production, the existing equipment of the vocational schools have had to be supplemented by additional training stations in such training fields as machine shop, riveting, and welding. Moreover, the large-scale extension of defense production to the central and southern industrial areas has meant that the schools in these areas would have to receive equipment of a character and magnitude different from the normal training requirements.

Purchase of equipment from funds appropriated by the first appropriation, passed June 27, 1940, was not authorized. A partial solution of the equipment problem was made by the passage of subdivision (2) of Public Law 812, the second defense training appropriation, which made $8,000,000 available for the acquisition of equipment in connection with the preemployment, refresher, and supplementary courses. However, the need of the public vocational schools for equipment in order to do an adequate job of defense training was far greater than that which could be met by this appropriation. The third appropriation, Public Law 146, made available an appropriation of $12,000,000 for the preemployment, refresher, and supplementary courses. In addition, $8,000,000 from the unexpended balance of Public Law 812 was made available for equipment as well. The Office of Education has followed the policy, in distributing the $12,000,000 under Public Law 146, that areas with urgent defense needs be given priority. In distributing the supplementary $8,000,000, consideration has been given to those areas where no urgency existed presently but where it is authoritatively recognized that significant needs would develop in the immediate future.

The effective cooperative relationship existing between the vocational school authorities and the advisory committees has in general served as an assurance that the training equipment acquired would be adequate for training for specific plants. The course content in defense training is developed in close collaboration generally with members of advisory committees and specifically with the technical personnel of the plants for which training is being given.

Of course, the other training programs, such as training on the job, apprenticeship programs, and supplementary courses, are all definitely set up to meet the specific needs of the given industries in which the workers are employed.

TESTIMONY OF ERIC NICOL, EDWARD L. KEENAN, AND COL. FRANK J. McSHERRY—Resumed

Mr. Osmers. Would you care to make any comment on the statement of Mr. Thomas that the "Buffalo plan" has not been effective?

Mr. Nicol. We know that 1,275 of the employees in Buffalo were placed under that plan, and in addition, 600 persons are in schools, taking courses.

Under the plan, which we worked out with four employers in Buffalo, there was an agreement that those workers would be absorbed by industry if they qualified and were graduated from the courses in school.

Mr. Osmers. Do you believe, Mr. Nicol, that the workers in Buffalo who have been displaced can look forward to jobs—all of them?

Mr. Nicol. Not all of them, but I think the majority can.

Mr. Osmers. How big a percentage—80 percent?

Mr. Nicol. Yes; I think so.

Mr. Osmers. What are the arrangements for the coordination of the training program with the Contract Distribution Division?

Colonel McSherry. We do have a definite tie-in, through the Office of Education, insofar as the plant site committee of the Contract Bureau is concerned. Of course the larger requirements for additional workers come in contracts which call for a new plant or an addition to an old plant built normally financed by the Federal Government.

Mr. Osmers. How are the occupations for training determined?

DETERMINATION OF TRAINING PROGRAM NEEDS

Colonel McSherry. We have set up what we call the council of State administrators, and we also have a council of local administrators, composed of representatives of the Employment Service, the schools, and the N. Y. A.

The Employment Service makes a survey of all industrial concerns in the community every 2 months, on what they call Form 270, and in that form they secure information as to the current need for additional workers, by occupation—the needs in 60 days, in 120 days, and in 180 days.

Based upon those findings, and with the advice of our advisory committee, which is composed of equal representation of labor and management, we determine what courses are needed in a particular community.

Now, we have a safeguard on those courses. The O. P. M. has approved a list of occupations essential to defense industries. This list contains 515 occupations. While it does not authorize training, it restricts training courses to those listed. The local officials determine which ones are needed.

In case the local needs are greater than the training facilities in a given community, or in case there are not enough trainees to attend the classes, through the State council, we have utilized training facilities for training workers for the community.

All this is preemployment training. The big training program we carry on for national defense is supplementary training—that is, instruction in related subjects for employed workers. This program fits in with the training-within-industry program to up-grade workers in order that they may take on jobs requiring higher skills.

Mr. Osmers. That program goes on while they are working?

Colonel McSherry. That is right.

Mr. Osmers. We have heard a great deal in Michigan about the need for a comprehensive inventory of men, materials, and machines. I was just wondering how you determine the number of machines available for the trained workers. If there was a certain type of lathe to be operated, for example, how would you guard against training three times as many lathe operators as would be required?

ESTIMATING NUMBER OF WORKERS TO BE TRAINED

Colonel McSherry. Let us take a specific example. We are in a town, let us say, where there is just one industry. The management of that concern is contacted. They want 20 lathe operators on the 1st of October; they want 40 operators by the 1st of December; they may want 30 more operators by the 1st of February; and so on through a 6-month period.

We have those requirements of the concern. The Employment Service has available in its files the names of laid-off or unemployed people who have that same skill or occupation.

After they have checked the requirements against the available supply and the potential lay-offs, let us say they find a difference there of 50 lathe operators. The training should be set up, then, for 50 lathe operators, and they so report to the council of local administrators.

Mr. Osmers. That sounds like a practical scheme. Is it in operation?

Colonel McSherry. It was not, initially. We started with this program in June of this year. I came in on this job the 1st of April.

We put out definite instructions that all training on preemployment would be of a specific character, for specific jobs.

Now, unless they get instructions from higher authority to expand the scope of training, the local people are restricted to the training requirements of their particular locality. Unless the State or National Council gives them instructions to offer specific training where a specific need is known to exist elsewhere, the scope of training is not widened.

Mr. OSMERS. Mr. Thomas yesterday was quite fearful that the employers in the Michigan area would not cooperate in the Buffalo plan if that was attempted here. Have you found any evidence of that?

Mr. NICOL. No; there is no evidence of that.

We have a little problem in Detroit that we did not have in Buffalo. In Buffalo, employees had been actually laid off before we came into the picture, so the problem there was one of persuading employers to take on men who were actually out on the street.

ANALYSES OF EXPECTED LAY-OFFS

In the automobile situation, we know that there is going to be a lay-off, and we are able to anticipate some of it. We have to analyze what kind of employees are going to be laid off, and what is going to happen to the rest of them, and it is possible to visualize a situation where there may be 50,000 employees laid off. In accordance with seniority rules, the younger workers would get laid off first, and they would therefore get the cream of the defense jobs, with the possibility that the older workers in the industry would be left with the nondefense jobs, and perhaps eventually get shorter hours.

Our problem is to know how to meet that, and while we have had no objection in principle to tackling that problem, there is some question of mechanics, as to how to work out the best methods of doing it.

WILL NOT LOSE SENIORITY RIGHTS

Full agreement has been reached that as employees are laid off, now or in the future, or leave and go into defense jobs, subject to call back for nondefense, if their defense employer certifies that they are actually working in defense, their seniority will be protected, and they will not be called back to work for the former employer on nondefense work.

Mr. OSMERS. You mean they will not lose their seniority?

Mr. NICOL. That is right.

Mr. OSMERS. Even if they do not answer the call?

Mr. NICOL. That is right. We have worked out a system whereby they will be certified as having full-time defense work.

Mr. OSMERS. Has your division had an opportunity to observe how the President's proclamation urging all employers to hire without regard to race has been observed in the State of Michigan? I am thinking particularly of the Negro workers. You have a great number of them here.

Mr. NICOL. Yes, sir. I am not informed about Michigan. Can you tell us, Mr. Keenan? I know generally throughout the country we are getting a better response since the President's proclamation.

STILL SOME DISCRIMINATION

Mr. OSMERS. There has been an improvement?

Mr. KEENAN. Yes, sir; that is all we can claim at the moment. There are some encouraging results.

Mr. OSMERS. Does your division receive many complaints on that score?

Mr. NICOL. Not as many as we used to. I spent about 3 months on that problem, doing nothing else, and I got right into the middle of it. There is still a good deal of discrimination, but I think there is less than there used to be.

Mr. OSMERS. Does your division give consideration to the maintenance of workers while they are in training for defense occupations? I am not referring to those who are training while they are on the pay roll.

WAGE PAYMENTS DURING TRAINING

Colonel MCSHERRY. Consideration has been given to that problem. As you know, we have some 37,000 W. P. A. workers taking training courses. Those workers are paid their regular W. P. A. wages during the training period. For workers under 25 we have defense classes in vocational schools, in conjunction with the youth work project of the N. Y. A. The youth receives a wage of from $22 to $25.

Of course there is a limitation on the workers in these groups. Many workers are not covered by either one of those agencies; that is, there is no provision for people of 25 or over who are not on W. P. A.; or people under 25 who are married and not eligible for N. Y. A. Nothing is done to take care of these groups.

Consideration has been given to that situation. Some attempt was made to get funds, but it fell by the wayside.

Mr. OSMERS. So at the moment, if a man is not on W. P. A. and not on N. Y. A., he receives no pay?

Colonel MCSHERRY. That is true—unless he gets unemployment compensation through something that he earned before he was displaced from his nondefense job.

Mr. OSMERS. That income, however, would not be a result of his training.

Colonel MCSHERRY. No, sir.

Mr. OSMERS. In tackling your labor problems, do you consult the files of the United States Employment Service before you start a training program?

In other words, if you want to develop 500 die makers of a certain type, do you go through the files of the Employment Service in an effort to find out whether those workers are available somewhere else in the United States, and, do you look into the possibility of bringing them to the job rather than training 500 new ones?

Colonel MCSHERRY. The training of a tool or die maker requires a long period—4 or 5 years of apprenticeship.

Mr. OSMERS. I probably used a poor occupation as an example.

Colonel MCSHERRY. Let us change it to riveting, which requires a 4- or 5-week course.

SELECTION OF TRAINEES

We set up a course because there is known to be a definite need in a community—let us take Los Angeles, for instance—we know there is a definite need for riveters there, and we set up a riveting course. Lockheed Aircraft Corporation at Burbank wants workers, and as long as we have trainees there, we try to meet the needs of Lockheed with the trainees in Los Angeles.

In case there are no more available trainees, such as has been the case at San Diego, we go elsewhere—over to Arizona, and start a training course there, so that the boys will be trained at home rather than have to subsist themselves at San Diego prior to getting employment.

Mr. Osmers. When you start training a boy in Arizona for a job in San Diego, do you provide him with transportation to go to the job?

Colonel McSherry. No. We tell him there is a job for him in San Diego. An exception to this is the case of W. P. A. workers from other parts of California sent to San Diego to receive training and go into industry there. They were paid transportation and subsistence during the training period, and until they secured jobs. That is, they were put on the San Diego W. P. A. rolls.

The N. Y. A. has what they call a residence center in San Diego, where they can bring the boys and pay them $25 a month while they are getting their training.

Mr. Osmers. You have to get your estimates of needed workers from employers. Have those estimates been generally accurate? Have they overstated their needs or under-stated them?

LABOR ESTIMATES FAIRLY ACCURATE

Colonel McSherry. Initially we had estimates from only a few employers. Today we get estimates from practically all employers, and in general I would say those estimates are fairly accurate. Sometimes, due to delay in delivery of materials, they are overstated.

For instance, we were given estimates by the North American Aviation Corporation plant at Kansas City, which was to open on July 20, for so many men. We set up our program to give them the men on July 20, but because of priorities of materials, the plant hasn't opened yet. The men will be absorbed after the plant is opened.

Oftentimes, however, the procedure has been just the reverse. For instance, let us take the California Shipbuilding Co. at Los Angeles. Last March or April they estimated they would need, as I recall, something like 1,200 welders. Then they received an additional contract and increased the number of men needed to around 1,800. Along in June, the contract was revised for earlier delivery dates, and this again boosted the number of men required to 2,400. The last time I heard from out in California, they wanted 3,700 welders by November 1.

Mr. Osmers. That increases the difficulties of your job, does it not?

Colonel McSherry. It does.

Mr. Osmers. To what extent have communities faced with priority shut-downs received special treatment in the allocation of contracts? Have they been given any special consideration?

COMMUNITIES AFFECTED BY PRIORITY SHUT-DOWNS

Mr. NICOL. Yes. I don't know how effective the practice has been. We are not responsible for the work of the Contract Service, and I am not informed about the details on that; but what we are doing in the Labor Division is to carry out an agreement that has been made with the Defense Contract Distribution Division and the Army and Navy, by which we can certify for defense contracts those communities or areas in which the contract should be placed in order to meet the need of the labor supply.

That process is just going into effect. We have now certified some of the cities which are in need of contracts on that basis and we are hoping that prompt action will be taken, both in this area and other places.

The CHAIRMAN. Gentlemen, we thank you very much for coming here. Our next witness is Mr. John Reid, secretary of the Michigan State Federation of Labor.

TESTIMONY OF JOHN REID, SECRETARY OF THE MICHIGAN STATE FEDERATION OF LABOR

The CHAIRMAN. Mr. Reid, Congressman Sparkman will ask you the questions.

Mr. SPARKMAN. Mr. Reid, will you state your name and the capacity in which you appear?

Mr. REID. John Reid, secretary of the Michigan State Federation of Labor.

Mr. SPARKMAN. Mr. Reid, you have presented to us a paper which I have read.

(The paper referred to above is as follows:)

STATEMENT BY JOHN REID, SECRETARY, MICHIGAN STATE FEDERATION OF LABOR

Early in the development of the defense program it became apparent that in spite of a large number of unemployed workers, local demand for particular types of skills could not always be filled locally. Labor unions knew there would be great migration of workers to new areas, directed to particular jobs and hoping to find jobs on defense projects. Sometimes the announcement that a defense project was proposed in some city was enough to start workers moving to that place long before work was ready. Sometimes employers started the migration by indiscriminate advertising for workers. Whatever the cause, labor knew it must face the problem of unnecessary migration and make provision for local temporary shortages of workers with certain skills.

Early in 1940, we learned that large numbers of skilled workers would be required for construction in military camps and new factories for defense production. International unions in the building trades made a survey through their affiliated locals to find out the number of skilled workers available who would be willing to go to other localities. The first project in Michigan was at Fort Custer, Battle Creek, and it was comparatively easy to supply the workers for this project from other cities in Michigan and the adjacent States. As other projects developed in Detroit, Flint, Midland, Muskegon, Fort Brady, and other cities, it became more difficult to get skilled men and it was found necessary to reach into other States to provide sufficient construction workers for those projects.

Business agents in local unions normally act as placement agents, but the supplying of skilled union men to jobs was improved and speeded by the cooperation of the 51 employment offices of the Michigan Employment Service. All unemployed union members were instructed to register at the employment office, and on many projects the employment office acted as referral agent for the unions. Procedures were worked out to be followed by local offices to make effective use of all channels of labor placement, to preserve the functions of union placement and protect rights of union members working under union agreements.

HOUSING

The procedures for supplying workers to defense areas worked out by the unions and the Michigan Employment Service is intended to get the men on the job where needed. Providing the necessary facilities for them in defense areas is another problem. The location of defense plants was apparently dictated by other considerations and the problem of housing was not given sufficient consideration. Due to the lack of housing in McComb County, Midland, and Ypsilanti many construction workers were forced to travel many miles to and from work without any provision for traveling time or maintaining and operating an automobile, which is quite an item in the weekly budget. Workers at Midland are forced to go to Bay City or Saginaw for housing facilities. This increased demand for housing has brought increases in rent and occupation of substandard housing in Muskegon, Saginaw, Bay City, Battle Creek, Midland, and Detroit.

The housing problem is not new and will be with us when the defense emergency has passed. A comprehensive housing program has long been recognized as one of the cushions against a slump in our economic system when we are again able to shift to a peacetime economy.

We need more homes, well built, rightly situated, well planned so as to be a real asset to the community in the future, and built to rent for a price the average worker can afford. In all of these communities, members of the American Federation of Labor are anxious to contribute their knowledge and experience toward finding a constructive solution to this problem.

SCHOOLS

The migration of large numbers of workers and their families to defense areas has greatly overtaxed the facilities of school districts, in those areas, to provide sufficient educational facilities. Van Dyke school district has an additional 500 school children; Center Line the same number, and Roseville 140 additional children to provide for. Those increases are the result of workers migrating to the Chrysler tank plant to work. Battle Creek will have an increased enrollment of 350 children, and Lakeview, close to Fort Custer, an additional 200 children enrolled.

In others area, the problem of overcrodwing will loom largest in the districts surrounding the cities. Saginaw and Genessee Counties will each have an increase of 500 with the city of Pontiac having a similar increase.

Detroit has a slightly different problem in the city, but in the outskirts there is an acute shortage of schools. It will require 10 new schools to provide adequate facilities for children in these districts. Even though there may be room in Detroit schools it is impossible to transport the children from the outlying districts to the city schools.

Other cities will experience the same difficulties as the defense program expands and new enrollment will disrupt the present school program. Many local school districts are not able to bear the burden, of extra equipment and personnel required because of the migration of defense workers and their families and will need assistance from the State and Federal Governments.

HEALTH

There has been a 50-percent increase in industrial accidents in the first 6 months of 1941 compared with the first 6 months of 1940. Throughout the year 1940 industrial accidents cost four times as many man-days lost from production as were lost by strikes. Time lost by accidents has received practically no attention, while time lost from strikes has been carried in practically every newspaper in the State. Longer hours of work, as overtime employment increases, contribute to cummulative fatigue, and in some defense areas workers are forced to live so far from the job that they spend 2 or 3 hours traveling to and from work.

Many communities lack adequate sanitation facilities and other cities have been forced to put a dangerous load on existing facilities. Makeshift dwellings, tents, trailers, and shacks are being used with no health facilities available in some defense areas and the local community is unable to cope with this problem. Preventable accidents and ill health are causing needless loss of manpower hours and the Michigan Federation of Labor urges that appropriations be made for adequate health services in defense areas and for industrial hygiene department functioning through the State department of labor and industry.

SOCIAL SECURITY

More than half of the States have frozen the benefit rights of draftees under their State unemployment compensation laws, but the meager benefits and limited coverage in this State make these provisions ineffective in many cases. No provision has been made by the Federal administration to protect the rights they had been building up for old-age and survivors insurance.

Construction workers moving from one defense job to another in a different State may find present State unemployment laws of no value to them. They may not be able to meet the provision of earning sufficient wages in two quarters to qualify, as many construction jobs do not last that long. As he moves from State to State, a migratory worker may find himself unemployed with no rights to compensation in spite of sufficient earnings because his earnings in the different States cannot be pooled for unemployment compensation benefits.

Experience ratings provisions in the Michigan unemployment compensation law impose unnecessary hardships on contractors since defense construction work demands large forces who will complete the job quickly and will have to be laid off at the end of the work in that area to seek other employment.

Employment and unemployment are national in scope and we ask for a national system of unemployment compensation with Nation-wide adequate standards of benefits and the abolition of the discriminatory system of experience rating.

DEFENSE UNEMPLOYMENT

The cut in automobile production and priority orders on materials will bring about a serious increase in unemployment in this State.

In the cities of Detroit, Pontiac, Flint, Saginaw, and Lansing, approximately 80,000 displaced auto workers will be unemployed by January 1942. Workers in other cities will be laid off because of lack of materials. The stove and furnace industry located in Dowagiac, Marshall, Milan, Kalamazoo, Holland, and Battle Creek are already hit by the material shortage and several thousand workers will be unemployed unless immediate provision is made for making defense contracts available to those employers. Several industries in other cities in the State are having difficulty getting mtaerials and have been forced to lay off workers.

The producers of refrigerators located in Grand Haven, Muskegon, Grand Rapids, Benton Harbor, Niles, Greenville, Riga, Tecumseh, Carrollton, Jackson, and Grandville are already reducing forces and many will be forced to shut down completely unless they can get a supply of materials.

In several of the cities mentioned, producing refrigerators is the only local industry, and a shut-down would be disastrous to the community and cause great distress among the workers.

Labor does not question the need for priorities, but it challenges the procedure by which they are arrived at and the lack of advance planning which results in widespread unemployment. When Government tells industry it cannot have materials essential to its production and thereby deprives workers of jobs, it owes it to the plant, the employee, and the community to provide defense contracts at the same time priority orders become effective. There must be advanced planning to make full use of machinery and production facilities and thus avoid unemployment.

TESTIMONY OF JOHN REID—Resumed

Mr. Sparkman. You state in your paper that workers who have migrated to many of the defense areas have experienced difficulty in securing satisfactory housing. Have you any comments to make about the work done by the Federal Government to meet the situation through the division of defense housing under Mr. Palmer?

Mr. Reid. Some work is being done in Michigan, but as far as our people in the building industry are concerned, when they go in to build a project, the housing all comes too late. The work on the project doesn't last many months. We put a lot of men on and we speed them up. On projects like at Camp Custer, which was probably the first one in the country, we threw a lot of men on, and there was no provision made for housing them.

Mr. Sparkman. You have reference, then, to the housing for the workers on the construction jobs, rather than homes for permanent workers?

Mr. Reid. The men who go in to put the houses there. We have just finished 300 houses at Muskegon, which is going to be a great relief to the people who are going to work in the plants, but the fellows who were building the project—about six or seven hundred men—weren't helped a bit by it.

After the houses are built, they move to another project. That is the difficulty we have with the construction worker.

INCREASE OF 50 PERCENT IN INDUSTRIAL ACCIDENTS

Mr. Sparkman. You state that during the first 6 months of 1941, industrial accidents increased 50 percent over a similar period in 1940. Do these figures cover industrial operations in the State of Michigan only?

Mr. Reid. That is right. Those are the State department of labor figures.

Mr. Sparkman. What are the main reasons, in your opinion, for that increase?

Mr. Reid. The chief cause of the increase in accidents is the practice of calling back to work men who have been unemployed for so many years that they have lost part of their ability to protect themselves. They have lost their safety education, and many of the organizations which are expanding so rapidly to meet the defense program haven't stressed the safety angle.

Mr. Sparkman. Would you say that having to drive a long distance to work might contribute to it?

Mr. Reid. Probably. Driving a long distance to work, because of the lack of housing facilities, extends the worker's day: and after working in the factory all day, driving at night is not safe, especially when everybody leaving the plant gets on the road at one time. It is hard work driving at such a time, and that develops extra fatigue. Facilities for living close to the plant would alleviate that problem.

Mr. Sparkman. What would you say would be a reasonable driving distance for the average Michigan worker?

REASONABLE DRIVING DISTANCES

Mr. Reid. It depends on the locality. In the smaller cities, like Muskegon, Grand Rapids, Saginaw, and Lansing, a matter of 10 or 12 miles wouldn't be a long distance; but driving in Detroit is different. A man may have his home in the west end of Detroit, and may have to work over on the east side; and because of the size of the city, much greater travel is necessary than in a smaller town. But I don't know what you mean by an "average distance."

Mr. Sparkman. What distance, would you say, would be so excessive that it would contribute to the industrial hazards? What distance would tire the men and contribute to these industrial accidents that you mentioned? The further a man has to drive, the more fatiguing his travel will be.

Mr. Reid. Not always. For instance, if a man lives on the west side of Detroit and works on the east side, he will have a much more fatiguing drive home than he would have if he worked in Lansing and was driving out to Potterville.

Mr. Sparkman. That is because of traffic conditions?

Mr. Reid. Yes, sir; and the width of the road. The man going to Potterville would be worse off than the man going to Williamson or Howell, because the latter would have a four-lane road, two lanes on each side.

All those conditions affect travel. One can hardly give a blanket answer to the question.

Mr. Sparkman. I note that you recommend the national system of unemployment compensation. The committee, as you doubtless know, heard the same proposal advanced by Mr. William Green, president of the American Federation of Labor. Would you indicate for the committee your reasons for advocating this plan?

Mr. Reid. I happen to be a member of the Unemployment Compensation Commission in Michigan. I also was a member of the commission that drafted the law, and I, with Professor Haber, fought to keep merit rating out of the law.

STABILIZATION OF UNEMPLOYMENT

As he pointed out, that practically changes the fundamental character of the law. Instead of a law to pay out benefits, it develops into a tax problem. That clause supposedly is inserted for the purpose of encouraging the employer to stabilize employment, but there is one factor that has been developed in the survey that Professor Meyers made of merit rating in Wisconsin. You stabilize employment, but you also stabilize unemployment at the same time. In other words, you stabilize employment as they have done in Wisconsin for 75 percent of the population, and then you stabilize unemployment for the other 25 percent, who never have an opportunity to work.

The employers in that State are trying to get their tax rates down. They don't add additional employees when they require them. They work the employees overtime and then, when the slack period comes, they never lay them off. They reduce the hours and spread the work, and that factor is a detriment to paying benefits and it is a detriment to the employment of workers. I don't think you will ever be able to get rid of the merit system without a Federal law.

UNEMPLOYMENT COMPENSATION FOR CONSTRUCTION WORKER

Dr. Haber pointed out many of the other things that could be said about unemployment compensation and how it affects our people in the construction industry, especially.

For instance, they are going to start a housing project here in Detroit. It happens that a Lansing firm is the contractor. The contract requires the completion of the project in 120 days. Now, we may have to call in workers from other States to work on this particular project, and if it is 120 days, many of the workers won't work long enough in Michigan to establish rights under the Michigan law. They may earn sufficient money, but they won't earn it in those quarters required to establish benefit rights. Then they may go over to Ohio, to work on a job there, and they are up against the same proposition. From there they move into Indiana, and the same thing happens.

They may be working practically all year, but they never establish benefits under any State law. That is ridiculous. It is not the intent of the law.

Under a Federal law, all those earnings could be pooled, and the men would be entitled to benefits.

We are going to have quite a lot of trouble on those grounds when this construction program is finished.

Mr. Sparkman. In raising the question of priorities and stating that several Michigan cities producing products other than automobiles may be forced to curtail operations seriously, you say that—

> labor does not question the need for priorities, but it challenges the procedure by which they are arrived at and the lack of advance planning which results in widespread unemployment.

Will you please elaborate on this statement?

PRIORITY UNEMPLOYMENT

Mr. Reid. I was over in Battle Creek the other day, and we have a stove plant in Battle Creek that may have to quit making a certain type of stove simply because they can't get a little piece of wire. I don't think there has been any cognizance taken in Washington of conditions like that. They have made blanket priorities without finding out the local conditions.

We have the city of Dowagiac, a city where stoves are made, principally, and they expect, if priorities are enforced, that they will have a 75 percent lay-off of all the workers in Dowagiac. It might be a ghost city. And many other industries are going to be similarly affected, outside of the automobile industry.

The reason I didn't stress the automobile industry in my statement was that I knew it was being stressed by other people, who are probably closer to that picture than I am; but I am interested in it nevertheless.

GHOST TOWNS IN MICHIGAN

Many ghost towns may develop in Michigan, unless defense orders or materials to continue present production are made available.

We may have 16 or 17 of these ghost towns in the State of Michigan under present priority schedules. Some consideration should be given to those one-industry towns, especially if some small item like wire is going to close up a factory.

The Chairman. Thank you very much, Mr. Reid.

Our next witness is Dr. Dillman, president of the Michigan College of Mining and Technology.

TESTIMONY OF DR. GROVER C. DILLMAN, PRESIDENT, MICHIGAN COLLEGE OF MINING AND TECHNOLOGY, HOUGHTON, MICH.

The Chairman. Dr. Dillman, Congressman Curtis will interrogate you.

Mr. Curtis. Will you give your full name to the reporter, please?

Dr. Dillman. Grover C. Dillman.

Mr. Curtis. What is your position?

Dr. Dillman. President of the Michigan College of Mining and Technology.

Mr. Curtis. Where is it located?

Dr. DILLMAN. At Houghton, Mich.

Mr. CURTIS. How long have you been in that position?

Dr. DILLMAN. This is my seventh year as president of the college.

Mr. CURTIS. Dr. Dillman, your prepared paper will be printed in full, so at this time I am not going to try to cover everything in that paper, but will only take up one or two matters.

(The paper referred to above is as follows:)

STATEMENT BY DR. GROVER C. DILLMAN, PRESIDENT, MICHIGAN COLLEGE OF MINING AND TECHNOLOGY, HOUGHON, MICH.[1]

This report is confined to problems pertaining to the copper and iron industry of Michigan.

The copper and iron mining industries both had their beginning about the middle of the nineteenth century.

Copper was first mined in 1845. Production increased gradually and for 40 years thereafter this State was the leading copper producer, producing four-fifths of the total copper output of the United States. In the meantime copper ore deposits were discovered and developed in the Western States. Montana surpassed Michigan in the production of copper in 1887 and maintained first position until 1907, when it was displaced by Arizona. At present the production of copper in the United States is concentrated in six States, as follows:

	Percent
Arizona (of the total in 1940)	41. 6
Utah	27. 4
Montana	14. 2
Nevada	8. 6
New Mexico	7. 8
Michigan	5. 0

Copper production in Michigan reached its peak during the first World War, and following a slump in 1921 again resumed an upward trend to 1929, followed by a drastic reduction in 1932.

The first shipment of iron ore was made from the Marquette Range in Michigan in 1854; in 1877 the Menominee Range came into production and was followed by the Gogebic Range in 1884. As with copper, iron mining gradually and steadily increased in importance, both being given considerable impetus by the demand caused by the Civil War. There were, of course, the usual ups and downs with the industrial activity of the country but, except for this, both industries were on the increase until the first World War, and this period of about 70 years was one of in-migration.

The early miners were mostly English from the mining counties of Cornwall, Devonshire, and Lancashire, and among them some Irish and German miners. Many of these men moved on to the newer mining districts of the West and were replaced about the beginning of the century by immigrants from Finland, Sweden, and Italy and also from southeastern Europe. This in-migration continued until the time of the first World War, when restrictions were placed on immigration.

Although these immigrants usually had large families and the sons might have been expected to follow in their fathers' footsteps, there was a strong tendency on the part of the second generation, on becoming educated in our American schools, to look for new vocations, and there was during this period a continuous out-migration which, with the growth of the mining industry, necessitated a continuous in-migration from Europe.

Because of this, the limitation placed by Congress on immigration would have caused a serious shortage of labor in the mining industry of Michigan if it had not been for other factors. Up to this point the situation as to migration in the iron and copper industries was about parallel, but from this point on they separate. In both industries employment declined rapidly, but primarily from different causes.

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[1] This material was prepared with the assistance of Prof. C. H. Baxter, head, department of mining engineering, Michigan College of Mining and Technology; A. E. Petermann, president, Calumet & Hecla Mining Co.; W. H. Schacht, president and general manager, Copper Range Co., S. R. Elliott, manager, Cleveland-Cliffs Iron Co.; R. L. Wahl, general superintendent, iron mining department, Inland Steel Co.; G. M. Cannon, assistant general manager, Michigan district office, M. A. Hanna Co.; W. G. Hansen, general superintendent, mining department, Pickands, Mather & Co.; M. D. Harbaugh, vice-president and secretary, Lake Superior Iron Ore Association; and Victor F. Lemmer, agent, Gogebic Industrial Bureau.

Mechanization, Exhaustion, and Competition

The main factors in the decline of employment in the iron mining industry are: (*a*) Mechanization; (*b*) exhaustion; and (*c*) competition.

MECHANIZATION

Since the beginning of the industry there has been steady progress in methods of mining, improvement in drilling, blasting, and handling the ore, all tending toward greater production per man. Up to about 1920 this increase in efficiency was more than balanced by the increase in production. The greatest technical advance in iron mining, or rather the technical advance that has resulted in the greatest reduction in labor, was the mechanization of underground loading, which commenced about the time of the first World War. Prior to this hand loading was the most laborious and time-consuming task in underground mining. The introduction and improvement of mechanical loading greatly lightened this task and speeded up the whole mining process. It increased the output of the miner in the stopes from about 20 to as much as 200 percent; at the same time it reduced the amount of maintenance and development work. The output in tons per man-hour from the underground mines of Michigan and Wisconsin increased from 0.367 in 1920 to 0.774 in 1937. This has been the greatest factor in causing unemployment in the Michigan iron mines.

EXHAUSTION

A number of mines, formerly large employers of labor, have ceased operation because of exhaustion of reserves. This has affected some counties more seriously than others. Dickinson County, which was formerly a large producer of iron ore, has been most seriously affected. The Chapin, Pewabic, Aragon, and Loretto mines are all exhausted, leaving the Penn Iron Mining Co. as the only large producer.

In Gogebic County the Norrie and Aurora mines have ceased operation.

Mining in Iron County has been seriously curtailed because of the lack of demand for high phosphorous and high sulfur ores. Marquette County has been least affected by exhaustion of ore deposits because, although many mines have closed because of exhaustion, others have been developed to replace them.

The State must be interested not only in the efficient extraction and use of known ores, but also in the development of sources of mineral to replace those now being extracted. Continuation of the industries based on mineral resources depends in part on the location of new deposits, and in part on the utilization of known deposits not now merchantable. The iron-mining industry is probably the best example of this class.

Average production of iron ore from Michigan is about 12,000,000 tons per year—about one-fifth of the United States output.

During the past 20 years about four times as much ore has been shipped as is represented by the decline in the amount of reserves. This difference has been made up mostly by improvements in ore treatment by which ore has been created from otherwise worthless iron formations. Newly discovered ore has been only a small factor in keeping up the reserves in recent years.

Low-grade probable ore may be estimated at about 5,000,000,000 tons, and there exists many times this tonnage of iron-rich formations which are potentional sources of ore if suitable methods of beneficiation are developed.

In short, the high-grade iron ores in Michigan are rapidly becoming depleted and thus the importance to the State of developing means of converting the billions of tons of low-grade deposits into ores is apparent.

COMPETITION IN MESABI RANGE

The Mesabi Range of Minnesota, with its enormous ore bodies lying near surface and easily exploited by open-pit mining, was opened in 1892. In 1937 the open-pit mines of Minnesota produced 3.418 tons per man hour and the underground mines 0.923, as compared with 0.774 for the Michigan underground mines. This competition keeps the price of iron ore down to a very small profit per ton and forces the mines to use every labor-saving device but otherwise has little effect on employment, as the known deposits of merchantable ore in Michigan are being worked to full capacity.

The main factors in the decline of employment in the copper-mining industry are in order of importance: (*a*) Competition; (*b*) exhaustion; and (*c*) mechanization.

COMPETITION IN COPPER INDUSTRY

The main factor in the decline of the copper industry in Michigan is the factor of price. Prior to 1930, taking an average of any number of years you wish, the selling price of copper averaged very close to 15 cents per pound. Since 1930 the average selling price has been much lower (about 10 cents) and is now pegged at 12 cents per pound by the O. P. A. C. S.[1]

When copper was selling at 15 cents a pound, ore reserves of quite low grade could be, and were, worked—if not at a profit, at least without loss. With the decline in price, these mines had to be closed. The Osceola lode mines of the Calumet & Hecla Co., which at one time accounted for a considerable production, are examples of this. Two of the presently operating mines (namely, Quincy and Isle Royale) cannot bring costs down to a point where they can continue to operate if the price of copper remains at 12 cents, because both of them are producing at an actual cost higher than that and neither of them has any substantial backing to carry them through a long period.

The decline in price is due to world copper conditions. Prior to 1930, the United States dominated the world's copper market. There was not enough production abroad to satisfy foreign demand and the American mines, in addition to supplying domestic consumption, were called upon to supply part of the foreign consumption to the extent of approximately 200,000 tons a year for the decade previous to 1930.

Between 1922 and 1930 there came into production the high-grade low-cost African copper mines and the extremely high-grade low-cost Canadian mines, the effect of which was to reverse the flow and to make the United States an actual importer of fine copper in 1930 and 1931, rather than the exporter it had been. At this time Congress placed a 4-cent import tax on copper. The effect of this was not fully appreciated as we were then getting into the depths of the general economic depression. During the last 10 years, however, the average price of copper has been very much lower than the old average. At one time it sold for 5 cents a pound. During the entire period of the National Recovery Administration copper sold from 8½ to 9 cents a pound.

EXHAUSTION OF COPPER ORE RESERVES

A number of mines have suspended operations because of the lack of ore reserves—for example: The Mohawk and Wolverine at the north end of the range, and the Baltic and Trimountain at the south end; and the Conglomerate lode of Calumet and Hecla, which employed a large number of men, went out of the picture in 1939, due to extreme depth and prohibitive costs.

As suggested under the heading of competition, ore reserves in the Michigan copper mines are a function of price. There is no sharp delineation in the lodes between ore and rock. All of the mines contain rock of comparatively high, medium, and low copper content. At a low price for copper, only the best can be mined at a profit; with a higher price, leaner rock may be mined. The mines which have been operating in Michigan in recent years have been able to do so only by selective mining—that is, by taking out the richest ground and leaving the rest in the mine. In the 6 years 1925–30, the average recovery per ton of ore taken from the mines was 26.42 pounds. In 1931, when the average price dropped to 8.53 cents per pound, selective mining was resorted to, with the result that the recovery rose to 33.18 pounds per ton; in 1932 it rose to 47.60 pounds; in 1933, 67.20 pounds; in 1934, 68.87 pounds; and in 1935 it hit the peak of 72.95 pounds per ton. The rate started declining as better copper prices enabled the operators to mine leaner ore, and two mines, the Quincy and Isle Royale, which had been closed, reopened.

When the price of copper is low and only the richest ground can be mined, much copper is left in the ground that will never be recovered, thus entailing a great economic loss.

MECHANIZATION OF COPPER MINING

Increased mechanization, both underground and on surface, has increased the production per man shift and undoubtedly would have caused a decrease in employment had production remained stable. However, had it not been for mechanization and the resultant decrease in costs, none of the present operating mines could have continued operation up to the present time and the net result of mechanization has been increased employment in the district.

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[1] Office of Price Administration and Civilian Supply.

The mining and lumbering industries furnished the early job opportunities in the iron- and copper-mining districts of Michigan, causing the in-migration of labor. When declining production from time to time reduced the employment in the mines or woods there was a tendency for the miners and woodsworkers to become farmers in the neighborhood where they were living, taking up cut-over land, selling logging timber to the mines and gradually developing the land for agriculture, and at the same time working part of the year in the mines. Much of this difficult agricultural development was done by immigrant miners who came from northern Europe where climatic and agricultural conditions were hard, and thus this region did not appear as formidable to them as it would to a domestic farmer. In this manner most of the agricultural industry of the mining counties of Michigan was developed. With the decline of employment many of the employees of the mines have made a living on these farms, but the second generation is not much interested in farming and for the most part move to the industrial centers whenever there is the opportunity.

In 1921 when there was a complete suspension of operations in the copper mines for a time, an employment agent for the Buick Motor Co. was given a desk in the office of the Calumet & Hecla Mining Co. and examined and employed approximately 500 men who moved to Flint. A large number of men also moved to Detroit at that time.

Effect of Defense Program

The defense program has increased the demand for iron ore so that all of the iron mines producing standard merchantable grades of ore are working to capacity.

Most of the iron mining companies that were able to continue operations during the depression, in order to employ as many men as possible, reduced their operations to 2, 3, or 4 days a week. They are now practically all working 5 or 6 days a week.

PRODUCTION ON MARQUETTE RANGE

A large mining company on the Marquette Range reports that they have been working on a heavy schedule from 1937 up to and including the present time. At times during the past few years they have been short of skilled miners. They have investigated a large number of miners from the copper country, have actually employed 64 and now have 54 working for them.

In the soft ore mines, where less skill is necessary, they have put on a large number of new men. Their policy has been to employ the sons of their regular workmen, and they have developed in this manner about 1,000 miners in the past few years.

It should be noted that only the physically fit are qualified for underground work in the mines. Although the work is not as laborious as before the introduction of mechanical loading, it does require men in excellent physical condition to stand up under the work. This same company says that although there are still a number of men out of employment on the Marquette Range, they are largely in the class that could not get work anywhere.

Another company on the Marquette Range reports that its labor turnover is negligible—that about 40 percent of their employees are living in small communities at some distance from the mines, many of them on small plats in the farming areas. They have also been giving employees the opportunity of taking on sons or brothers and breaking them in as miners.

EXHAUSTION IN GOGEBIC COUNTY

Gogebic County has suffered more from exhaustion and mechanization of the mines than Marquette County. At its height (1916–20), the mining industry employed from 6,000 to 7,000 persons, and in 1940 only 2,500 persons. There is little encouragement that new ore deposits may be developed to replace those which have been or are becoming exhausted. Those thrown out of employment generally secure for themselves Federal financial assistance in one or the other categories of direct relief or work relief, even to the extent that the intraregional move is twice as large as the migration from the county. With the increased activity in the industrial centers and governmental agencies, a slight migration of single men and women has recently been observed.

INCREASE IN IRON COUNTY OPERATIONS

Iron County has suffered severely from lack of demand for its ores which are of inferior grade as compared with the other counties, being of high phosphorous content and in many cases also high in sulfur. Since the defense program the mines have been operating on an increased scale and one large new mine is being developed. There is undoubtedly a surplus of mine labor, though detailed figures are not available to me now.

In Dickinson County, all but one of the larger mines have been exhausted, though there are some small operations on silicious open-pit ores. The operations of the Ford Motor Co. in Iron Mountain have employed some of the men formerly employed in the mines, though there is apparently a surplus of men capable of working in the mines.

LABOR SUPPLY FOR MICHIGAN MINES

For the iron mines of Michigan in general, I think it may safely be said that in all counties there is a sufficient supply of labor capable of mine employment to operate the mines to capacity for the defense program. As the wages are high and conditions of work excellent, there is not likely to be an out-migration of those so employed to other defense industries.

At the present time there is a great demand for copper for defense and, according to Washington, an acute shortage. This in spite of the fact that the mines of the United States are working at capacity, and that we are importing something like 30,000 tons a month from South America and Mexico.

Only four mines in the Michigan copper district are operating and two of these at an actual loss, regardless of the fact that they are paying a much lower rate of wages than is paid in the iron mines. With the general increase in the prices of supplies and in the cost of labor, the costs of all the mines are, of course, rising and it is difficult to see how production can increase or even continue if the Government insists on keeping the price of copper pegged at 12 cents.

The industry of this district is primarily that of mining, milling, and smelting copper, and the employment in this industry has been in the past over 30 percent of its entire population. It reached a low of 3.6 percent in 1933 and is now 6.25 percent. This employment is entirely dependent on the price that is received for the copper produced.

TREND OF MICHIGAN COPPER PRODUCTION

Although this district is a high-cost producer, it has managed to survive periods of low prices for copper when these periods were not too long or too severe.

Production increased gradually from 100,000,000 pounds annually in 1890 to 270,000,000 pounds in 1916, and after the war in 1921 it reached a low of 100,000,000 pounds and then again increased gradually to 186,000,000 pounds in 1929 when the depression set in and production dropped to below 50,000,000 pounds in 1933. The severity of the depression and the low price for copper closed down most of the mines in this district; a large surplus of copper kept the price below 10 cents until 1936 and recovery brought the production back to 95,000,000 pounds. The price increased to over 13 cents per pound in 1937 when the administration at Washington declared that it was too high. This resulted in the price again receding to 10 cents for 1938, rising to 11 cents for 1939 and 11.3 cents for 1940.

It was the last 10 years of low prices (averaging 9.25 cents per pound) that were disastrous for most of the mines of the Michigan district. Had the price not been declared too high in 1937, it is quite probable the price during the next 2 years would have continued upward and sought its natural level at 14 to 15 cents per pound, which would have permitted other mines in the district to resume operations.

LOW GRADE OF ORE AS HANDICAP

The district mines low-grade ores, that have no valuable mineral byproducts, so naturally it is greatly handicapped. The average man-hour production in pounds of copper for most of its mines is only 8.6 pounds as compared to 33.6 pounds, or its equivalent, produced by all other mines in the United States as revealed in the United States Copper Census Report for 1939. In wartimes, the low-cost producers cannot supply all the war demands and higher-cost production is necessary.

All ore grades throughout the United States are continually getting lower in value and low-cost copper reserves are getting less every year; it will not be long when high-cost production will have to be resorted to more generally.

PRICE DISCRIMINATION AGAINST COPPER

There has been grave discrimination against copper as a commodity by pegging the price at 12 cents. The average price of copper delivered Connecticut Valley for:

	Cents
10-year period before World War I (1905 to 1914, inclusive) was	15. 363
4-year period, World War I (1915 to 1918, inclusive), was	24. 296
11-year period after World War I (1919 to 1929, inclusive) was	15. 035
7-year depression period (1930 to 1936, inclusive) was	8. 829
4-year post-depression period (1937 to 1940, inclusive) was	11. 582
The average normal price for a period of 21 years, including 10 years before the World War and 11 years after the World War was	15. 190
And the average for the 32-year period ending with 1936 was about	15. 000

The latter figures establish the fact that the price of copper in recent years has been held down too low to maintain a healthy condition in the industry.

Copper as a metal has been heavily discriminated against as compared with other commodities, the average prices for the 10-year period prior to the World War as compared to July 1941 are:

Zinc was 5.64 cents, now 7.25 cents, or an increase of 28.5 percent.

Lead was 4.55 cents, now 5.70 cents, or an increase of 25.3 percent.

Composite steel was 1.797 cents, now 2.65 cents, or an increase of 47.6 percent.

While copper was 15.36 cents, now 12 cents, or a decrease of 21.9 percent.

Copper, which is second only to steel in volume and is second to none in importance, is over 50 percent out of line in price with these other metals today, and were it allowed to rise the same as did zinc and lead it would also be selling at its average price as established during the 32-year period prior to 1936, or 15 cents per pound.

The 1939 copper census report also reveals that since 1929 there has been a further reduction in the number of producing copper mines in the United States; 49 producing mines were reported in 1939 compared to 180 in 1929 and 226 in 1919.

Had the price of copper been allowed to seek its normal level in 1937 and thereafter, this district would now be back to a production of over 150 million pounds per year and the opening of new mines would have been under way.

RECENT EXPLORATIONS IN MICHIGAN AREA

This district has been only partly explored. Recent explorations have developed one large ore body capable of profitable operation at 15-cent copper with a life of 50 years or more, and capable of employing 1,000 men or more. Extension of other deposits are also known to exist and new shafts would be required to reach them.

There are still other deposits which can reasonably be expected to be found in favorable territory that has not as yet been drilled. Just a few days ago it was announced that "the Calumet & Hecla Consolidated Copper Co. will immediately start an extensive campaign of development and exploration work, through its present operating shafts, on a 440-acre tract on the Kearsarge lode which it has leased from the Copper Range Co. In the event this work proves favorable it will greatly prolong the life of these shafts, now the most important producing units of the Calumet & Hecla Consolidated Copper Co., and will mean the continuation of mining in their Ahmeek branch for a long period of years."

One of the larger operating companies says that if the price were permitted to advance to 14 or 15 cents a pound, with some assurance that it would stay there long enough to pay for any additional investment in rehabilitation, it would attempt to open up some of the sources of production (mines now closed) even though the operation did not yield much of a profit. In other words, if assured that they could get back their investment, they would be willing to add this production.

Michigan has one great advantage in that the metal appears here as free, or native, copper which is separated from the rock by comparatively simple processes. More than offsetting this advantage, at present, is the fact that the producing mines have reached a great depth, some more than a mile below surface. Much of the copper-bearing formations are unexplored and, if new deposits comparable to the deposits that have been mined in the past are discovered, copper can be produced from the upper portion to a depth of several thousand feet at a price that will compete with the mines of western United States.

All these developments are now only waiting to be assured of a normal price for copper and with it the district would have every reason to expect to perpetuate itself for many years to come.

A fair price policy toward copper is therefore the all-important factor to bring this district and its industry back to its former healthy condition.

In addition to the production of newly mined copper in this district, a 15-cent price for copper would permit reclamation operations on millions of tons of waste amygdaloid tailings produced from earlier operations by the mines in this district. These sands can now be treated profitably only when low-priced electric energy is available in the form of dump power from hydroelectric generation, but were a higher price for copper reasonably assured, additional generating capacity could be installed to produce the necessary firm energy required (at the normal price) to make such reclamation operations continuous and possible, and such reclamation operations would employ regularly several hundred of the district's idle men.

EMPLOYMENT IN COPPER MINES

The employment of men by the mines from 1890 to 1917 was without any marked variation increasing gradually up to 1905 and holding there until 1917. Following the war there was a large accumulated surplus of copper which took 6 or 7 years to absorb and the price dropped and remained below 15 cents which resulted in the closing of a number of its mines and employment fell to about 27 percent of its former rate and continued at that rate or slightly higher for a period of 10 years when the depression of 1929 and its near stagnation of all business closed down all but two mines in 1933 and reduced the employment to less than 10 percent of its former normal rate prior to the war, and there it has remained or slightly improved up to the present time.

In the past years many of the men that worked in the mines have cleared land and started farms which they would work during the summer months but continued their employment at the mines during the rest of the year. A large farming community has thus been built up and the sons of these farmers of today and of the miners in the mines are the ones that are left stranded without jobs today unless the mines can be rehabilitated in the district. There has been some exodus to other mining districts, but as a rule many of the men return on the first provocation because it is their home and they like the country, the climate, and the working conditions.

In 1934 the population census increased at a time when production from the district had reached its low for over 50 years. Men who had formerly gone to the automobile centers had returned to their folks in the copper district to live out the storm of the depression because they could live for less in this district than in the cities.

Although 30 percent of the entire population were employed during the heydays and only 4 percent recently, it does not follow that the mines would have to absorb the remaining 26 percent to reestablish this balance because at that time there were a very great number of single men in the district and also a large number of married men with families in the old country, so that now with many of the population on farms, in business, and a majority being married men, a 15 percent employment of the population in the mines would absorb most of the unemployed.

At the present time there is a surplus of labor for any production of copper that we can forsee from the copper mines of Michigan. With an increase in demand for labor, there might be a shortage of skilled miners, as good hard-rock miners are always hard to get, but they can be developed from resident labor.

There are millions of dollars invested in homes and plants in this district and there are known reserves of copper that will last for years.

The Federal Government has spent over $20,000,000 in this district during the past 10 years for relief, and other governmental agencies several million dollars more. This can largely be avoided. Homes and plants can be saved and men put back at their former employment, provided the normal price for copper again prevails.

TABLE A.—*Primary copper production of Michigan*

Source: Mineral Resources and Minerals Yearbook, published by U. S. Geological Survey and Bureau of Mines, 1901–40.

Year	Production, pounds	Year	Production, pounds	Year	Production, pounds
1901	156, 289, 481	1915	238, 956, 410	1928	179, 104, 311
1902	170, 609, 228	1916	269, 794, 531	1929	185, 300, 917
1903	192, 400, 577	1917	268, 508, 091	1930	142, 985, 522
1904	208, 309, 130	1918	231, 096, 158	1931	105, 222, 177
1905	230, 287, 992	1919	177, 594, 135	1932	63, 898, 656
1906	229, 695, 730	1920	153, 483, 952	1933	72, 340, 852
1907	219, 131, 503	1921	100, 918, 001	1934	51, 681, 901
1908	222, 289, 584	1922	122, 545, 126	1935	73, 811, 562
1909	227, 005, 923	1923	137, 691, 306	1936	91, 105, 431
1910	221, 462, 984	1924	145, 333, 227	1937	84, 751, 478
1911	218, 185, 236	1925	138, 029, 764	1938	75, 281, 469
1912	231, 112, 228	1926	174, 778, 884	1939	89, 402, 464
1913	155, 715, 286	1927	195, 135, 199	1940	90, 200, 000
1914	158, 009, 748				

TABLE B.—*Iron ore production of Michigan*

Year	Production, long tons	Year	Production, long tons	Year	Production, long tons
1901	9, 654, 067	1908	8, 839, 199	1915	12, 514, 516
1902	11, 135, 215	1909	11, 900, 384	1916	18, 071, 016
1903	10, 600, 330	1910	13, 303, 906	1917	17, 868, 601
1904	7, 089, 887	1911	10, 329, 039	1918	16, 899, 341
1905	10, 885, 902	1912	11, 191, 430	1919	15, 438, 930
1906	11, 822, 874	1913	12, 841, 093	1920	17, 510, 742
1907	11, 830, 342	1914	10, 796, 200		

Year	Men employed	Production, long tons	Tons man per day	Year	Men employed	Production, long tons	Tons per man per day
1921		7, 283, 492		1931	7, 570	7, 552, 581	5. 052
1922		10, 453, 578		1932	4, 697	2, 554, 996	3. 920
1923	12, 046	14, 174, 468	3. 848	1933	4, 822	2, 433, 949	4. 168
1924	12, 418	12, 350, 755	3. 670	1934	4, 885	5, 039, 114	5. 372
1925	11, 463	14, 490, 529	4. 471	1935	4, 391	5, 205, 531	5. 593
1926	11, 088	15, 248, 254	4. 884	1936	5, 397	9, 177, 629	6. 794
1927	10, 691	15, 075, 079	5. 084	1937	6, 838	12, 085, 048	7. 006
1928	9, 116	13, 676, 984	5. 604	1938	5, 712	6, 004, 311	5. 533
1929	9, 308	15, 456, 397	5. 732	1939	5, 818	9, 159, 222	
1930	9, 466	13, 544, 277	5. 293	1940	6, 743	12, 472, 448	

Source: Mineral Resources and Minerals Yearbook, published by U. S. Geological Survey and Bureau of Mines.

TABLE C.—*Production of copper from Michigan, men employed and output per man-shift, 1917–36*

Year	Production, pounds	Men employed, average	Output per man-shift	Year	Production, pounds	Men employed, average	Output per per man-shift
1917	225, 429, 511	11, 886	61. 255	1927	177, 537, 775	6, 370	93. 552
1918	201, 974, 025	12, 372	52. 828	1928	178, 442, 704	5, 852	98. 792
1919	173, 471, 988	9, 245	63. 395	1929	186, 402, 218	6, 660	89. 188
1920	146, 530, 860	6, 534	73. 996	1930	169. 381, 413	6, 600	88. 290
1921	82, 007, 484	4, 910	69. 722	1931	118, 059, 491	5, 814	97. 415
1922	117, 970, 861	6, 480	66. 974	1932	54, 396, 108	2, 491	78. 757
1923	134, 996, 517	5, 243	82. 484	1933	46, 853, 130	1, 235	133. 642
1924	134, 193, 797	5, 639	83. 206	1934	48, 215, 859	1, 423	125. 660
1925	154, 583, 404	5, 894	89. 945	1935	64, 108, 689	1, 547	156. 270
1926	175, 381, 565	6, 311	88. 727	1936	95, 968, 019	1, 838	168. 883

Source: Table A-8, Copper Mining, Work Projects Administration, National Research Project, Report No. E-12. NOTE.—These production figures do not agree with those from Minerals Yearbook and Mineral Resources.

TABLE D.—*Production of iron ore from Michigan, men employed and output per man-shift*

Year	Production, long tons	Men employed, average	Output per man-shift	Year	Production, long tons	Men employed, average	Output per man-shift
1880	1,640,814	5,350	1.121	1925	14,490,529	11,463	4.471
1889	5,856,169	12,496	1.736	1926	15,248,254	11,088	4.884
1902	11,135,215	----------	2.568	1927	15,075,079	10,691	5.084
1915	12,514,516	14,411	3.120	1928	13,676,984	9,116	5.604
1916	18,071,016	19,331	3.201	1929	15,456,397	9,308	5.732
1917	17,868,601	19,448	3.214	1930	13,544,277	9,446	5.293
1918	16,899,341	17,846	3.212	1931	7,552,581	7,570	5.052
1919	15,438,930	17,709	3.053	1932	2,554,996	4,697	3.920
1920	17,510,742	17,507	3.399	1933	2,433,949	4,822	4.168
1921	7,283,492	10,586	3.212	1934	5,039,144	4,885	5.372
1922	10,453,578	10,828	3.630	1935	5,205,531	4,391	5.593
1923	14,174,468	12,046	3.849	1936	9,177,629	5,397	6.794
1924	12,350,755	12,418	3.670	1937	12,085,048	6,838	7.006

Source: Table A-4, Iron Mining, Work Projects Administration national research project. Report No. E-13.

TABLE E.—*Annual average of copper price*

Year	Price per pound	Year	Price per pound	Year	Price per pound
1898	12.03	1913	15.269	1927	12.920
1899	16.67	1914	13.602	1928	14.570
1900	16.19	1915	17.275	1929	18.107
1901	16.11	1916	27.202	1930	12.982
1902	11.626	1917	27.180	1931	8.116
1903	13.235	1918	24.628	1932	5.555
1904	12.823	1919	18.691	1933	7.025
1905	15.590	1920	17.456	1934	8.428
1906	19.278	1921	12.502	1935	8.649
1907	20.004	1922	13.382	1936	9.474
1908	13.208	1923	14.421	1937	13.167
1909	12.982	1924	13.024	1938	10.000
1910	12.738	1925	14.042	1939	10.965
1911	12.376	1926	13.795	1940	11.296
1912	16.341				

Source: Engineering and Mining Journal, February 1941.

TABLE F.—*Keweenaw County, Mich.: Men employed in copper mining, milling, and smelting*

Year	Employees	Year	Employees	Year	Employees
1920	1,407	1927	1,400	1934	37
1921	883	1928	1,463	1935	63
1922	937	1929	1,598	1936	303
1923	1,083	1930	1,388	1937	314
1924	1,169	1931	1,052	1938	339
1925	1,428	1932	84	1939	388
1926	1,618	1933	49	1940	410

Source: Reports of county mine inspectors.

TABLE G.—*Houghton County, Mich.: Men employed in copper mining, milling, and smelting*

Year	Employees	Year	Employees	Year	Employees
1888	6,310	1906	16,506	1924	[1] 4,267
1889	6,480	1907	17,579	1925	7,054
1890	7,310	1908	17,224	1926	7,724
1891	7,702	1909	17,974	1927	7,832
1892	7,640	1910	16,250	1928	7,724
1893	7,591	1911	15,361	1929	6,258
1894	7,343	1912	15,554	1930	6,750
1895	7,249	1913	13,813	1931	5,400
1896	8,170	1914	12,954	1932	2,716
1897	8,726	1915	16,005	1933	2,011
1898	10,467	1916	16,520	1934	2,093
1899	13,057	1917	16,432	1935	[1] 975
1900	13,971	1918	12,650	1936	2,174
1901	13,498	1919	[1] 7,865	1937	2,705
1902	14,130	1920	[1] 6,082	1938	3,125
1903	13,629	1921	[1] 3,910	1939	3,099
1904	14,321	1922	[1] 4,343	1940	2,997
1905	15,355	1923	[1] 4,153		

[1] In these years it seems that only those men working in the mines were reported.

Source: Reports of county mine inspectors.

TABLE H.—*Marquette County, Mich.: Average number of men employed by the mining industry for the calendar years ending Sept. 30, 1898 to 1940, inclusive*

Year	Men employed	Year	Men employed	Year	Men employed
1898	4,389	1913	5,709	1928	3,456
1899	5,655	1914	4,969	1929	2,957
1900	6,627	1915	3,773	1930	2,950
1901	5,200	1916	5,045	1931	2,323
1902	5,518	1917	5,569	1932	1,208
1903	6,000	1918	4,929	1933	1,743
1904	4,024	1919	5,265	1934	2,365
1905	5,060	1920	4,799	1935	2,239
1906	5,840	1921	3,714	1936	2,674
1907	6,744	1922	2,276	1937	3,153
1908	5,362	1923	3,851	1938	2,840
1909	5,682	1924	3,312	1939	2,846
1910	6,549	1925	3,361	1940	3,007
1911	6,385	1926	3,931		
1912	5,292	1927	3,468		

Source: County mine inspectors' reports.

TABLE I.—*Dickinson County, Mich., iron ore production and employment*

Year	Tons mined	Men employed	Year	Tons mined	Men employed
1920	1,696,740	2,336	1931	807,567	855
1921	988,905	1,502	1932	292,522	463
1922	651,895	1,152	1933		(1)
1923	1,003,523	1,340	1934		(1)
1924	958,062	1,373	1935		(1)
1925	1,084,249	1,276	1936		(1)
1926	1,130,348	1,242	1937	457,084	347
1927	1,126,113	1,286	1938	315,132	332
1928	1,121,724	1,256	1939	359,739	386
1929	1,288,862	1,212	1940	685,915	451
1930	1,214,357	1,174			

[1] Reports not available.

Source: County mine inspectors' reports.

TABLE J.—*Iron County, Mich., iron-ore production, shipments, and employment*

Year	Production	Shipments	Men employed
1921	2,042,541	1,680,429	2,296
1922			(1)
1923	3,196,446	3,255,499	3,323
1924	2,844,656	2,174,794	2,820
1925	3,412,046	3,764,412	2,695
1926	4,077,701	4,009,798	2,655
1927	4,357,603	4,385,906	2,611
1928	4,126,198	3,708,868	2,452
1929	3,772,288	4,209,103	2,287
1930	3,800,098	3,153,006	2,265
1931	1,962,107	1,327,614	1,559
1932	837,811	461,388	1,271
1933	480,280	781,195	(2)
1934	710,646	1,196,553	(2)
1935	455,551	998,702	(2)
1936	1,056,940	1,721,322	(2)
1937	1,638,091	2,274,568	(2)
1938	1,411,457	1,035,744	867
1939	1,168,409	1,309,597	1,145
1940	1,481,331	1,556,866	1,167

[1] Report missing.
[2] Work staggered, mines working intermittently.

Source: Reports of county mine inspectors.

TABLE K.—*Gogebic County, Mich.: Iron-ore production and employment*

Year	Production	Men employed	Year	Production	Men employed
1917	6,100,000	6,700	1929	5,500,000	5,500
1918	6,100,000	6,900	1930	5,100,000	5,100
1919	5,700,000	6,800	1931	3,400,000	3,200
1920	7,250,000	6,600	1932	1,200,000	1,200
1921	4,500,000	4,500	1933	900,000	950
1922	3,400,000	3,400	1934	1,750,000	1,800
1923	5,600,000	5,600	1935	1,600,000	1,600
1924	5,200,000	5,200	1936	2,800,000	2,800
1925	5,350,000	5,350	1937	4,100,000	4,150
1926	5,800,000	5,900	1938	2,250,000	2,500
1927	5,700,000	5,800	1939	2,800,000	2,750
1928	5,050,000	5,050	1940	4,300,000	4,300

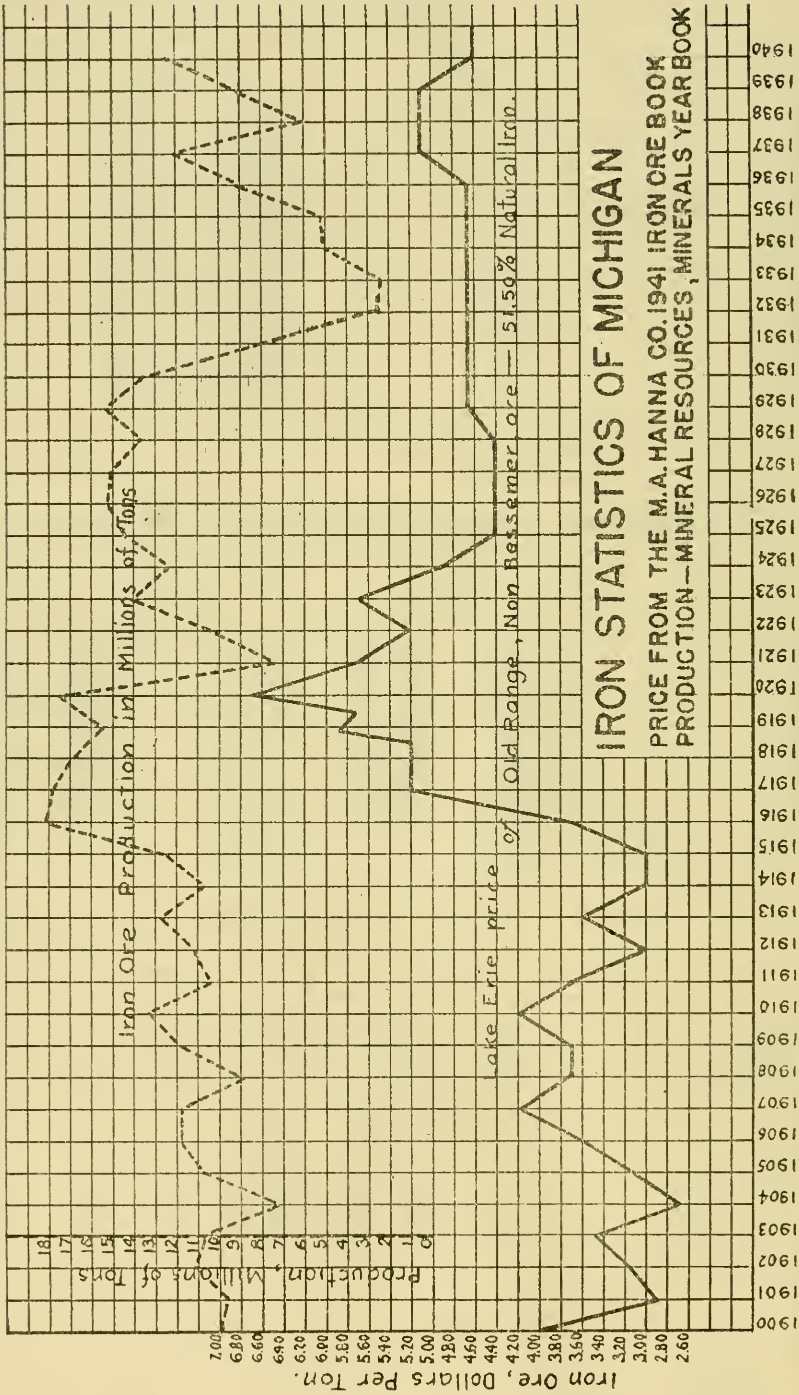
Source: Gogebic Industrial Bureau.

TABLE L.—*Population of counties of Michigan producing copper and iron ore*

COPPER

County	1880	1890	1900	1910	1920	1930	1940
Houghton	22,473	35,389	66,063	88,098	71,930	52,851	47,631
Keweenaw	4,270	2,894	3,217	7,156	6,322	5,076	4,004
Ontonagon	2,565	3,756	6,197	8,650	12,428	11,114	11,359
IRON ORE							
Dickinson			17,890	20,524	19,456	29,941	28,731
Gogebic		13,166	16,738	23,333	33,225	31,577	31,797
Iron		4,432	8,900	15,164	22,107	20,805	20,243
Marquette	25,394	39,521	41,239	46,739	45,786	44,076	47,144

Source: United States census.


IRON STATISTICS OF MICHIGAN
PRICE FROM THE M.A.HANNA CO. 1941 IRON ORE BOOK
PRODUCTION—MINERAL RESOURCES, MINERALS YEAR BOOK
Iron Ore Production in Millions of Tons
Lake Erie price of Old Range, Non Bessemer ore — 51.50% Natural Iron.
Production, Millions of Tons
18
17
16
15
14
13
12
11
10
9
8
7
6
5
4
3
2
1
0
Iron Ore, Dollars Per Ton.
7.00
6.80
6.60
6.40
6.20
6.00
5.80
5.60
5.40
5.20
5.00
4.80
4.60
4.40
4.20
4.00
3.80
3.60
3.40
3.20
3.00
2.80
2.60
1900
1901
1902
1903
1904
1905
1906
1907
1908
1909
1910
1911
1912
1913
1914
1915
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1921
1922
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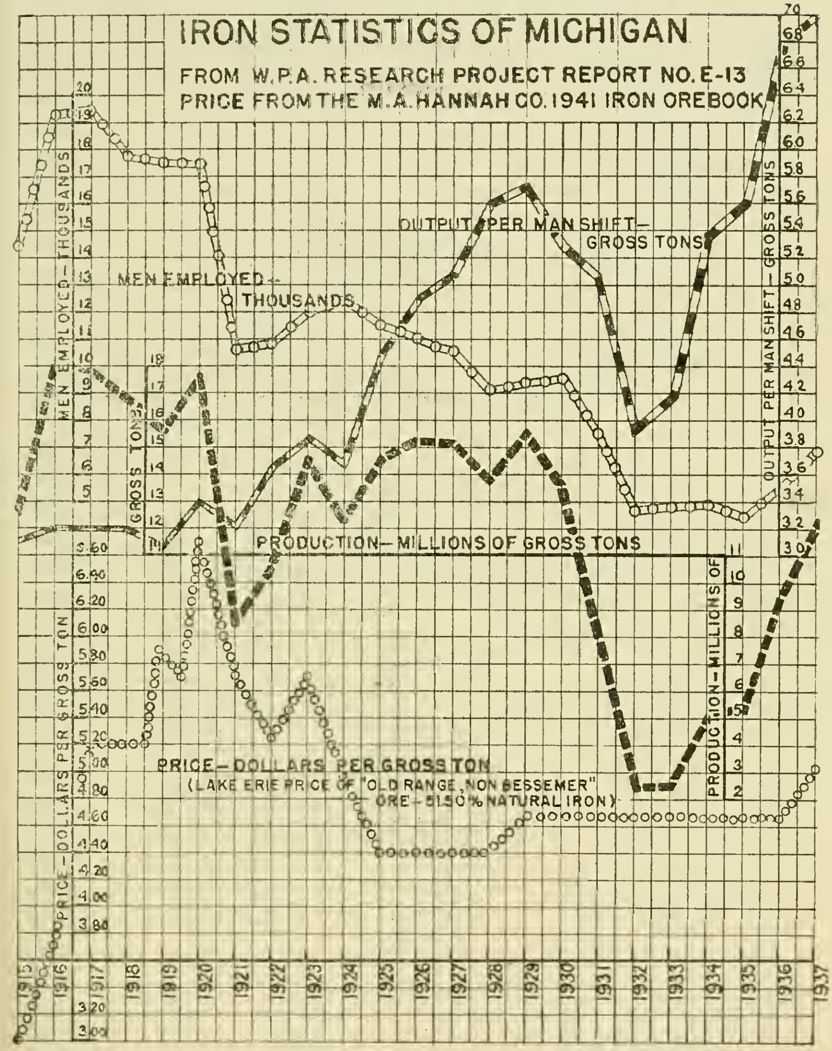
1934
1935
1936
1937
1938
1939
1940


IRON STATISTICS OF MICHIGAN
FROM W.P.A. RESEARCH PROJECT REPORT NO. E-13
PRICE FROM THE M.A. HANNAH CO. 1941 IRON OREBOOK
MEN EMPLOYED—THOUSANDS
MEN EMPLOYED—THOUSANDS
OUTPUT PER MAN SHIFT—GROSS TONS
OUTPUT PER MAN SHIFT—GROSS TONS
GROSS TONS
PRODUCTION—MILLIONS OF GROSS TONS
PRODUCTION—MILLIONS OF
PRICE—DOLLARS PER GROSS TON
(LAKE ERIE PRICE OF "OLD RANGE, NON BESSEMER" ORE—51.50% NATURAL IRON)
PRICE—DOLLARS PER GROSS TON
20
19
18
17
16
15
14
13
12
11
10
9
8
7
6
5
70
68
66
64
62
60
58
56
54
52
50
48
46
44
42
40
38
36
34
32
30
18
17
16
15
14
13
12
11
10
9
8
7
6
5
4
3
2
6.60
6.40
6.20
6.00
5.80
5.60
5.40
5.20
5.00
4.80
4.60
4.40
4.20
4.00
3.80
3.20
3.00
1915
1916
1917
1918
1919
1920
1921
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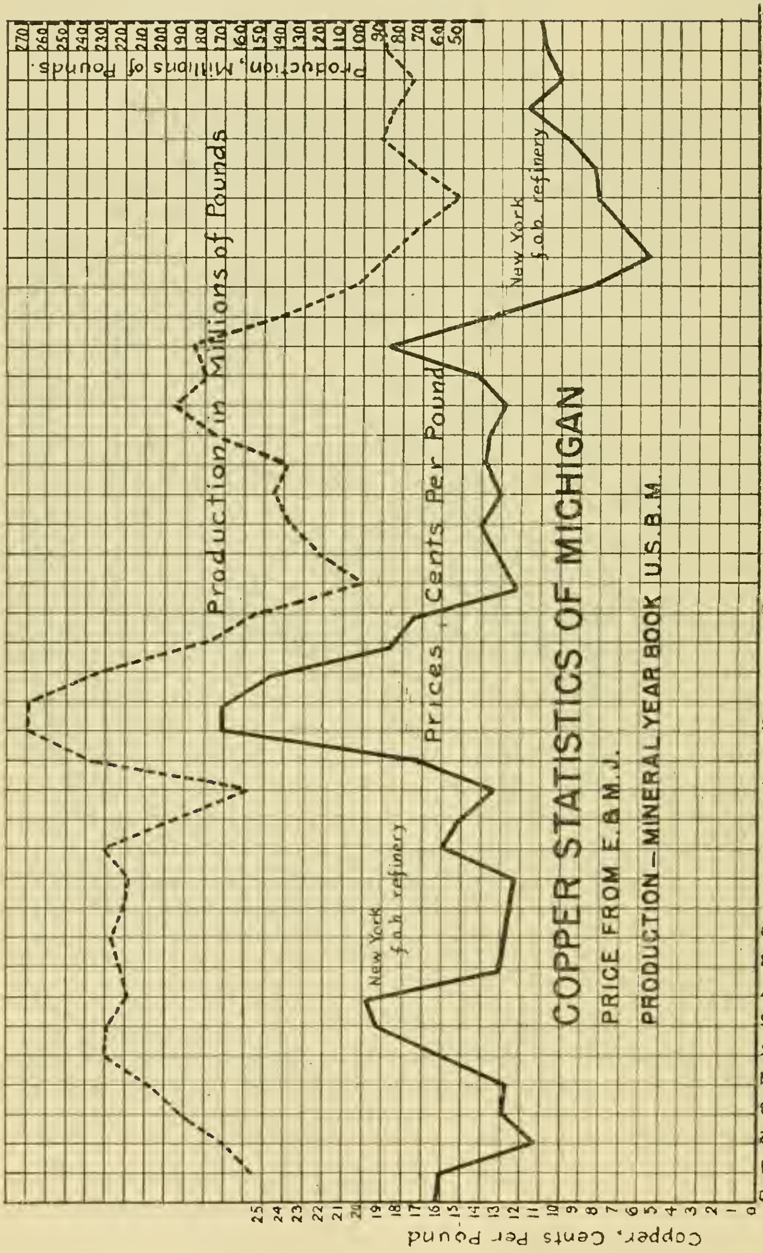
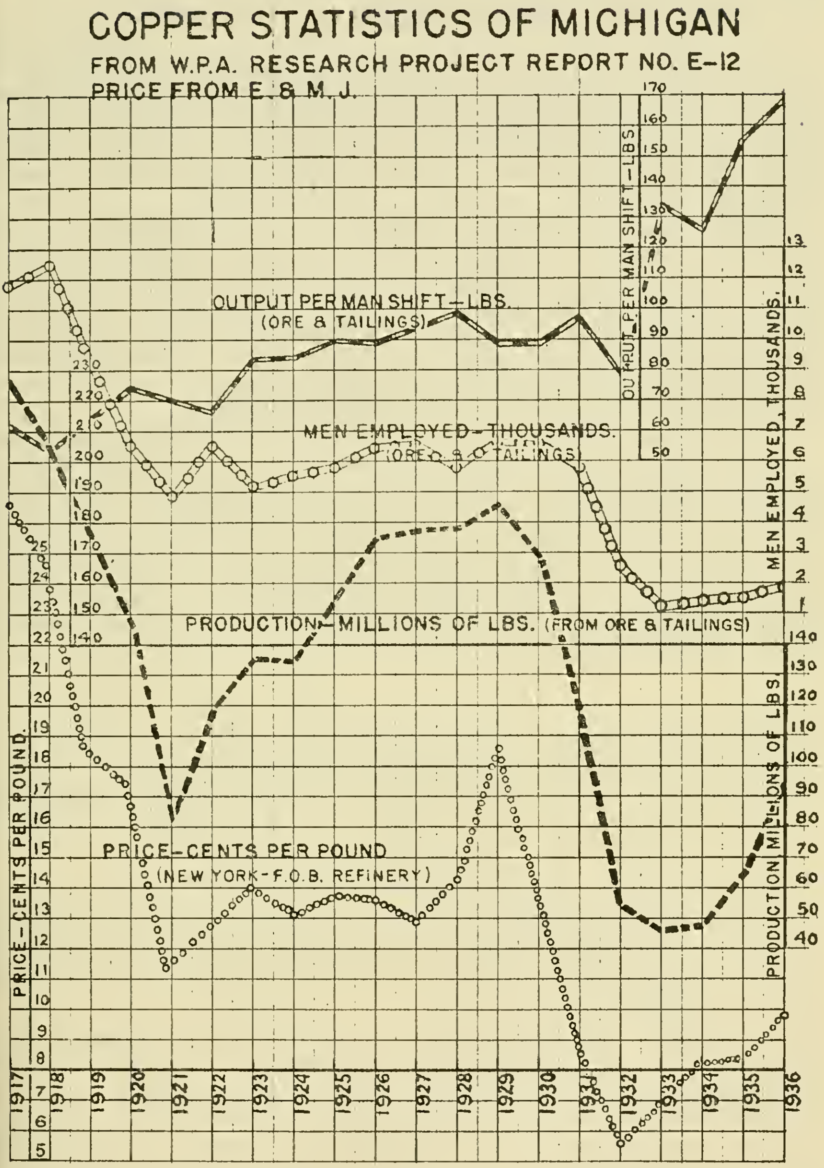
1933
1934
1935
1936
1937


COPPER STATISTICS OF MICHIGAN
PRICE FROM E. & M. J.
PRODUCTION—MINERAL YEAR BOOK U.S.B.M.
Production in Millions of Pounds
Prices, Cents Per Pound
New York f.o.b. refinery
New York f.o.b. refinery
Production, Millions of Pounds
270 260 250 240 230 220 210 200 190 180 170 160 150 140 130 120 110 100 90 80 70 60 50
Copper, Cents Per Pound
25 24 23 22 21 20 19 18 17 16 15 14 13 12 11 10 9 8 7 6 5 4 3 2 1 0
1900 1901 1902 1903 1904 1905 1906 1907 1908 1909 1910 1911 1912 1913 1914 1915 1916 1917 1918 1919 1920 1921 1922 1923 1924 1925 1926 1927 1928 1929 1930 1931 1932 1933 1934 1935 1936 1937 1938 1939 1940


COPPER STATISTICS OF MICHIGAN
FROM W.P.A. RESEARCH PROJECT REPORT NO. E-12
PRICE FROM E. & M. J.
OUTPUT PER MAN SHIFT—LBS.
(ORE & TAILINGS)
MEN EMPLOYED—THOUSANDS.
(ORE & TAILINGS)
PRODUCTION—MILLIONS OF LBS. (FROM ORE & TAILINGS)
PRICE—CENTS PER POUND
(NEW YORK-F.O.B. REFINERY)
OUTPUT PER MAN SHIFT—LBS
170
160
150
140
130
120
110
100
90
80
70
60
50
MEN EMPLOYED, THOUSANDS.
13
12
11
10
9
8
7
6
5
4
3
2
1
PRODUCTION MILLIONS OF LBS.
140
130
120
110
100
90
80
70
60
50
40
PRICE—CENTS PER POUND.
25
24
23
22
21
20
19
18
17
16
15
14
13
12
11
10
9
8
7
6
5
230
220
210
200
190
180
170
160
150
140
1917
1918
1919
1920
1921
1922
1923
1924
1925
1926
1927
1928
1929
1930
1931
1932
1933
1934
1935
1936

TESTIMONY OF DR. GROVER C. DILLMAN—Resumed

Mr. Curtis. We are interested in what you have to say, and we know you have come quite a distance to attend the hearing.

EFFECT OF DEFENSE PROGRAM ON UPPER PENINSULA

From several witnesses at these hearings the committee has heard that the defense program is causing the Upper Peninsula of Michigan to lose large numbers of people because of lack of economic opportunity. Can you indicate for the committee the principal industries of the Upper Peninsula and how they have been affected by the defense program?

Dr. Dillman. The principal industries of the Upper Peninsula of Michigan include quite a number of iron mines, mining plants—surface and undergound workings—and copper mines, mills, and smelters. There are also quite a number of saw mills, flooring mills, and a number of paper mills. There is a large plant of the Carbide Co. located at the Soo, and there is a rather large shop making heavy equipment at Marquette. There are any number of small industries, more or less tied into those that I have mentioned.

Mr. Curtis. Which ones have been affected by the defense program?

Dr. Dillman. The ones affected most have to do with the mining of copper and iron ore. These two types of industries are now straining every resource to produce more and that has called for an increased use of labor, which is largely of local sources—that is, labor from within the peninsula. I would say it is almost entirely from the peninsula. The effect of the defense program, outside of the mining industry, has not been appreciable in building up pay rolls or utilizing any great number of employees.

COPPER PRODUCTION

Mr. Curtis. What is the situation in regard to your copper production up there? Is it a high-cost of low-cost area?

Dr. Dillman. For a great many years the copper industry in Michigan was the heaviest producer in this country, but now I believe it is sixth in rank. Michigan's production will run somewhere between 90,000,000 and 100,000,000 pounds this year.

Everything is being done by the operating companies in the copper districts of Michigan to increase production. However, they have one handicap which is very, very serious—the fact that they have to go to a great depth for the copper. Those mines run anywhere from 3,000 to 9,300 feet.

That means expensive operation. They must go through very hard rock. The milling procedure is comparatively simple, because our copper production is entirely a native metallic copper.

With the increased cost and with the price of copper pegged at 12 cents, these mines could not continue to operate. I am referring now to the three mines which have insufficient backing to withstand any long siege of market prices below production cost. That is now the case with two of the mining companies there. Prior to this period the price has been around an average of 15 cents, for about 30 or 32 years; and unless the old relationship between price and production cost is restored, the mines cannot continue.

Mr. Curtis. Is the price fixed at this time?

Dr. DILLMAN. The price has been pegged at 12 cents.

Mr. CURTIS. By the Government?

Dr. DILLMAN. That is the Government price.

Mr. CURTIS. What was it at the time it was pegged?

Dr. DILLMAN. In 1937 the price had reached 13 cents, and that price was declared too high, and the present ceiling of 12 cents was established.

Mr. CURTIS. By what authority?

Dr. DILLMAN. It was established through the influence of Washington authorities.[1] The President had declared himself opposed to prices rising without limit. I presume copper, along with other metals, was included. However, the price has not gone beyond that point, and if you will look back at the record prior to the depression, you will find that the average price of copper all during the period of 30 or 32 years was almost exactly 15 cents.

At 12 cents the majority of the Michigan mines cannot operate and make a profit sufficient to carry through a lean period, such as no doubt will follow our defense program, as it followed the last World War, when there was a lowering of the price. Because of that situation, it isn't a matter so much of providing increased production at this time, as of making it possible for the existing properties to continue operating.

Now, with an average price of around 15 cents, without question Michigan production would be stepped up very considerably through the reopening of properties that cannot operate at this time on 12-cent copper.

Mr. CURTIS. Is there a copper shortage now?

Dr. DILLMAN. According to word that comes to us, there is a copper shortage, and that, I presume, is a good reason why copper is on the list of metals that you are not able to go out into the market today and buy except by priority order.

Mr. CURTIS. Would you be able to tell us by what authority copper was pegged at 12 cents? Of course, that can be ascertained in Washington, but do you have in your files anything that would show by what act of Congress or other authority a ceiling was placed on copper in 1937?

EFFORTS TO HAVE COPPER CEILING RAISED

Dr. DILLMAN. I do not have that information with me. All I know is that the copper companies have been trying for many months to interest the Federal authorities in removing that ceiling. They have appealed to the Tariff Commission and to the defense agencies to use their influence in raising the price above the 12-cent figure.

In fact, along in February or March 1941 a delegation of five men representing the Federal Tariff Commission and agencies of the national-defense program from Washington spent several days studying the cost of production, the amount of copper produced, labor rates, and so on; and a strong appeal was made to them to help bring about a freedom of price movement in copper.

A great many attempts have been made through the office of Leon Henderson to bring about a substantial increase in that price, and much has been published in the press about it.

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[1] The Office of Price Administration and Civilian Supply, on August 12, 1941, established a "ceiling" of 12 cents a pound for copper (Price Schedule No. 15, Executive Order 8734).

In fact, several delegations have gone to Washington. A release came from Mr. Henderson's office within the last 3 weeks, advising the three mines having the highest cost of production that sufficient increase would be granted to permit the payment of $1 per day additional to the employees and possibly a 1-cent increase to the companies above their actual operating costs would be accorded them.[1]

With respect to cost, it is interesting to note that during the depression of the copper market just prior to the entry of this country in the World War, the price of zinc, one of these strategic metals, was 5.6 cents, and at present it is 7.25 cents—an increase of 28½ percent. Lead has increased as between those two periods from 4.55 to 5.70, an increase of 25.3 percent. Steel, at 1.79, has increased to 2.65, or an increase of 47.6 percent. However, copper now at 12 cents shows a decrease for that period of 21.9 percent, the only one of these strategic metals to show a decline in price.

In other words, there is a very radical lack of adjustment there, which has thrown the burden on copper production, and as a result, these high cost producing mines find themselves in a very difficult situation. As a result, labor is not adequately compensated.

The wages paid labor today in the Michigan copper mining country are not sufficient, and are far out of line with those paid in more prosperous sections, or in the iron-mining country of Michigan.

Mr. CURTIS. Dr. Dillman, I wonder if it is possible that the Tariff Commission is responsible for that 12-cent price, by so adjusting the tariffs and the import duties on foreign copper that it made copper available in this country at 12 cents, and thus, in a practical sense, fixed it at that level. Is that what happened?

Dr. DILLMAN. No, I believe you are wrong there.

From 1890 to the World War, the price of copper gradually increased. During recent years, other metals continued to increase and copper dropped off. I feel sure that in this case it was deliberately held down to a price of 12 cents.

Now, as to the effects. We have today in the Michigan copper country a situation which involves all the mines in that territory, with a production of 90,000,000 to 100,000,000 pounds, where labor is struggling desperately to live. There is no question, that unless the price can be adjusted, the production of at least two and probably three of the mines will have to discontinue operations.

Mr. CURTIS. The committee's experience indicates that the smaller the chances for jobs in a given locality, the greater are the chances of movement of population from that locality.

Applying this to the Upper Peninsula, have you any recommendations to offer to this committee, to deal with these problems from the Committee's point of view?

Dr. DILLMAN. As long as we are discussing the copper situation, the problem might be brought up in two ways. You are referring especially to employment of people resident of a particular section.

Mr. CURTIS. Yes.

Dr. DILLMAN. Most of these people own their homes, and there is still a vast unemployment in the copper country of Michigan.

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[1] It was announced on November 5, 1941, that the Office of Price Administration had granted exceptions to the price "ceiling" of 12 cents a pound for 3 Michigan "high-cost" copper producers. Maxima of 15 and 16 cents a pound were permitted in agreements between these producers and the Procurement Division of the U. S. Treasury Department, arranging for purchase of the entire copper output of the companies for a limited period at prices above the previously set ceiling.

I think today there are in the neighborhood of 2,500 or 3,000 men on W. P. A. in Houghton County alone, which has population of somewhere around 45,000. The employment in that rather large district can be increased through activity in the mines, if the mines can increase their production and reopen some of the other properties, which the companies will do if they can get only their money back. They are not asking for a profit on the increase. I am sure they could operate to the very limit in that respect.

Mr. Curtis. In other words, if something could be done about this price situation that you discussed, to raise the ceiling, it would stabilize the population up there, which otherwise can't hold out much longer and will have to add itself to our army of migrants?

NO LABOR PROBLEMS IN IRON DISTRICTS

Dr. Dillman. That is true.

Now, with respect to the iron country of Michigan, the Marquette Range, and the Menominee Range this year will probably produce somewhere between 12,000,000 and 15,000,000 tons of iron ore. There is no serious problem there. These mines are all operating to capacity. I don't think they could utilize any additional employees, and the men are adequately paid. The rates are much higher than in the copper country, and there is no problem of labor in those districts.

Mr. Curtis. Dr. Dillman, I want to thank you for your contribution here, and I expect to look into the matter a little further and find out by what authority the copper price was fixed back in 1937.

Maybe some of the Democrats on this committee can tell us.

The Chairman. In 1927 there was an international agreement among copper producers. They got together and fixed the tariffs and arrived at a price of 13 cents. They call such agreement a cartel, and I think that is how it came about, Doctor. I don't think we passed any law on it.

Dr. Dillman. There was no law, but the President did issue a public statement to the effect that the price of copper was, in his judgment, too high. As I recall it, he said copper should be procured for 5 cents.

Mr. Curtis. Then the Tariff Commission adjusted the tariff in conformity with the international agreement?

The Chairman. That is right.

Dr. Dillman, if your copper mines were working on a normal basis, how many men would they employ?

Dr. Dillman. The copper mines in Michigan today are employing at this time somewhere between 3,500 and 4,000 men. It is nearer 3,500.

INCREASE IN EMPLOYMENT IF COPPER MINES WERE OPERATED

If the price was such that they could produce profitably, and if the Michigan mining operations in the copper districts could be extended so as to reopen some of the properties which have been down for some time, I would say there would be an increase of from 25 to 30 percent in production, and in the matter of employment.

The Chairman. Are the closed-down mines the ones of greatest depth?

Dr. Dillman. All the mines are of considerable depth, as compared to western mines. They are all being mined from three to four thousand feet.

The Chairman. Is there still a great supply of copper yet to be mined?

Dr. Dillman. Yes; here is a district where the copper-bearing section runs about 100 miles in length. It runs in a northeasterly-southwesterly direction, and is about 2 to 6 miles in width. The copper bearing portion of that district is practically all mineralized, anywhere from lean to rich ore, and the ore may be found from the surface down to around 9,300 feet. When the price is as low as it is at this time, the mines select the sections in which to produce the ore. They mine only portions of stopes or parts of the mine which carry the richest copper. They have to mine ore that will run probably anywhere from 27 to 40 pounds of copper to the ton, whereas, if the producing costs are lower or the price higher, they will mine much further than that, and take the leaner ore, which goes down to as low as 20 pounds of copper to the ton.

In other words, the mining today is economically bad, for the reason that they are going through these mines and working drifts and stopes and leaving vast tonnages of mineralized rock or ore, which is for all times lost because they can't afford to bring that up to the surface. That is the economic side of the story.

The Chairman. Thank you very much, Doctor. We appreciate your coming here, and your testimony has been a very interesting contribution.

Dr. Dillman. I am glad to have been of help.

INTRODUCTION OF EXHIBITS

Mr. Abbott. Mr. Chairman, at this time I should like to introduce into the record a number of exhibits received from sources not represented by witnesses at this hearing.

The Chairman. That will be permitted.

Mr. Abbott. The exhibits have been numbered and arranged, as closely as the subject matter permits, in groups presenting the various important aspects of national defense migration into this area, first on a State-wide basis, then as observed in the city of Detroit, and finally in other communities in this defense area. The general order of subject matter is repeated insofar as possible in each community with such material as has come to hand—namely, community finances, industry and employment, health, housing, and education. Exhibit numbers have been reserved for certain anticipated material which has not yet come to hand, but which will be received within a few days.

With this in mind, Mr. Chairman, I now offer for the record those exhibits which have been received to date.

The Chairman. They are accepted, and the record will be held open for additional exhibits which you expect to receive within the next few days.

(The material referred to above, including exhibits which were received subsequent to the hearing, appear on following pages.)

The Chairman. If there is nothing further, the committee will stand adjourned.

(Whereupon, at 4:40 p. m., the committee adjourned.)

EXHIBITS

EXHIBIT 1.—REVENUES AND EXPENDITURES, STATE OF MICHIGAN

REPORT BY VERNON J. BROWN, AUDITOR GENERAL, LANSING, MICH.

SEPTEMBER 18, 1941.

Michigan may be divided into three distinct areas, so far as social and economic conditions are concerned. These respective areas differ widely as to their natural resources, the income of the people and the ability of local taxing units to provide revenues for support of necessary governmental functions.

First, there is the so-called metropolitan-industrial area which includes the larger portion of the population of the State and where is found much of its business and commercial activities. This area may be described roughly as embracing Wayne, Oakland, Genesee, Macomb, St. Clair, Washtenaw, and Monroe Counties.

Included in what might be called district No. 2 is the remainder of the lower peninsula which lies south of a line drawn directly west from Bay City. This area is representative of the rich agricultural and fruit land with substantial smaller cities enjoying a normal developemnt of industry and commerce.

The third district would include that area in the northern portion of the lower peninsula and all the Upper Peninsula wherein such agricultural and fruit lands as exist are found in comparatively small areas isolated one from the other by larger areas of cut-over lands which have resulted from the lumbering operations of earlier years. This land is quite unproductive and is valued largely for its recreational facilities. Other sections once contained rich mines which provided profitable. employment to thousands of people. Today many of these mines have become exhausted and have been closed or their operations found exceedingly unprofitable.

Over a long period of time this last-mentioned area has suffered from migration of its younger people who have left for sections where employment is available. Meanwhile, much of the denuded forest lands has reverted to public ownership through failure or inability of the owners to pay their taxes.

Because of new demands made upon government for social aids, health protection, and other recent ventures into new types of governmental activities, local taxing units for the past decade or more have found it exceedingly difficult to provide sufficient revenues to meet the demands made upon them. Contributing to this situation was the adoption in 1932 of an amendment to the Constitution which limits the amount of tax spread against property to $15 on each $1,000 of assessed valuation.

The adoption of this amendment forced the State to abandon the property tax for its own support and to seek new forms of revenue from which its own expenses could be met and substantial sums made available to support certain functions administered by local agencies and theretofore supported entirely from local property taxes. Since the adoption of this amendment the State government has provided from twelve to forty million dollars a year for welfare and social-aid support and from twelve to fifty million dollars a year for State aid to the public schools.

During the fiscal year which ended June 30, 1939, the State of Michigan out of revenues collected at large returned to local units of government a total of $123,108,773.22.

For the fiscal year ended June 30, 1940, the aggregate of grants to local units of government amounted to $109,897,428.25.

An illustration of what has happened in northern Michigan may be found in the latest available figures from Antrim County which are taken because it is a semiagricultural county with considerable tourist and resort development. In 1940 the total tax assessed for county purposes was $52,887.50 of which there was collected $41,225.96.

During the fiscal year which ended June 30, 1940, this county received $244,714.81 from the State for purposes other than highways. Grants to the county for highway purposes amounted to $118,242.91, making a total of $362,957.72. In other words, approximately $400,000 was required to carry on the normal functions of government in Antrim County to which the property owners of that county contributed approximately 10 percent.

Similar conditions prevail in many of the counties of Michigan. Within a day or two there will be available more complete figures covering grants in aid to local units of government for the fiscal year ended June 30, 1941, which will be placed at your disposal.

Condensed Comparative Summary of Aid to Local Units of Government, State of Michigan

FISCAL YEARS ENDED JUNE 30, 1941, AND 1940

(Supplementary to next previous report)

REPORT BY HAROLD W. H. BARROWS, COMPTROLLER, LANSING, MICH.

September 15, 1941.

State aid to local units of government aggregated $121,363,956.50 for the fiscal year ended June 30, 1941, representing an increase of $11,461,840.25, or 10.4 percent, over the total of $109,902,116.25 for the previous fiscal year ended June 30, 1940.

Perhaps the relative magnitude of State expenditures for aid to local units of government may best be emphasized by pointing out that approximately $60 out of each $100 spent by the State for operating costs represents grants and aid to local units. The remaining $40 covers all other State governmental costs. These include debt service, construction and maintenance of highways, grants to or operation of the State colleges, the University of Michigan, prisons, training schools, tuberculosis hospitals, mental hospitals, the soldiers' home, and all administrative activities such as the legislature, the courts, the departments of each elected State officer and all remaining State departments, boards, and commissions.

Following is a comparative summary showing the extent to which major local unit governmental functions benefited from State aid during the 2-year period:

	Fiscal year ended June 30—		Increase
	1941	1940	
General government	$7,741,665.25	$2,390,438.51	$5,351,226.74
Education	45,392,018.29	42,827,615.53	2,564,402.76
Public health and medical assistance	3,697,708.10	2,968,805.65	728,902.45
Public welfare service	34,024,166.75	32,680,769.37	1,343,397.38
Highways	30,508,398.11	29,034,487.19	1,473,910.92
Total	121,363,956.50	109,902,116.25	11,461,840.25

The individual types of State aid comprising the foregoing totals are set forth in the accompanying schedules from which the following condensed summary has been prepared:

	Fiscal year ended June 30—		Increase or decrease
	1941	1940	
Land office board revenue distributions	$2,256,968.84	$4,688.00	$2,252,280.84
Intangibles tax distributions	1,584,495.20	0	1,584,495.20
Liquor retailers' license distributions	3,072,107.52	1,850,997.19	1,221,110.33
Basic grants to school districts	41,000,000.00	41,000,000.00	0
Regular and special vocational education grants and aid	1,762,994.74	884,274.50	878,720.24
Defense vocational education grants and aid	1,724,142.27	0	1,724,142.27
Aid in care of tuberculosis patients	2,063,800.50	2,136,318.93	*72,518.43*
Medical treatment of crippled and afflicted children:			
Current's year's program	1,081,252.16	717,736.72	363,515.44
Priors years' charges	434,155.44	0	434,155.44
General public relief	7,860,065.00	9,899,014.38	*2,038,949.38*
Aid to dependent children	9,656,978.51	7,052,959.33	2,604,019.18
Old-age assistance	16,145,816.62	15,511,520.70	634,295.92
Grants for county highway systems	6,550,000.00	6,550,000.00	0
Motor vehicle annual license (weight tax) distributions	23,758,398.11	22,284,487.19	1,473,910.92
All other distributions and aid	2,412,781.59	2,010,119.31	402,662.28
Total	121,363,956.50	109,902,116.25	11,461,840.25

Note.—Italic figures indicate decrease.

The total State aid for each of the 2 years was financed partly from Federal grants and partly from taxes and other State revenue, the extent of each for the individual types of aid being indicated in the accompanying schedules from which the following recapitulation has been made:

	Fiscal year ended June 30—		Increase
	1941	1940	
Portion of State aid financed from:			
Taxes and other State revenue	$106, 438, 897. 59	$98, 938, 712. 47	$7, 500, 185. 12
Federal grants	14, 925, 058. 91	10, 963, 403. 78	3, 961, 655. 13
Total	121, 363, 956. 50	109, 902, 116. 25	11, 461, 840. 25

The amount of $121,363,956.50 classified as aid to local units of government for the fiscal year ended June 30, 1941, is $1,744,816.72 lower than the peak State-aid distribution of $123,108,773.22 recorded for the fiscal year ended June 30, 1939. The 1941 and the 1939 fiscal years are compared in the following functional summary:

	Fiscal year ended June 30—		Increase or decrease
	1941	1939	
General government	$7, 741, 665. 25	$3, 104, 402. 31	$4, 637, 262. 94
Education	45, 392, 018. 29	45, 726, 894. 17	*334, 875. 88*
Public health and medical assistance	3, 697, 708. 10	6, 117, 520. 80	*2, 419, 812. 70*
Public welfare service	34, 024, 166. 75	38, 153, 015. 44	*4, 128, 848. 69*
Highways	30, 508, 398. 11	30, 006, 940. 50	501, 457. 61
Total	121, 363, 956. 50	123, 108, 773. 22	*1, 744, 816. 72*

The largest single decrease between the 1941 and the 1939 fiscal years is found in the item of grants for general public relief which aggregated $7,860,065 for the 1941 year as compared with $17,373,990.07 for the fiscal year ended June 30, 1939. Partially offsetting this decrease are certain items in the 1941 year which were not present in the 1939 year, including land office board revenue distributions, $2,256,968.84; intangibles tax distributions, $1,584,495.20; and defense vocational education grants and aid, $1,724,142.27.

Comparative summary of aid to local units of government

Purpose and description	Total for fiscal year ended June 30—		Increase or decrease
	1941	1940 [1]	
For general governmental purposes:			
Steamship tonnage tax distributed to counties	$13, 303. 50	$15, 337. 50	*$2, 034. 00*
Land office board revenue distributed to local units of government	2, 256, 968. 84	4, 688. 00	[2] 2, 252, 280. 84
Intangibles tax distributed to local units of government	1, 584, 495. 20	0	1, 584, 495. 20
Severance tax distributed to local units of government	383, 557. 83	268, 017. 45	115, 540. 38
Liquor retailers' license revenue distributed to local units of government, 85 percent	3, 072, 107. 52	1, 850, 997. 19	1, 221, 110. 33
Commercial forest reserve grants to counties, 10 cents per acre	9, 000. 00	9, 000. 00	0
National forest reserve revenue distributed to counties	14, 374. 25	5, 782. 22	8, 592. 03
Grants to counties on lands reserved for conservation purposes, 25 cents per acre	1, 057. 18	649. 25	407. 93
Grants to counties on State-owned swamp and tax-reverted lands, 10 cents per acre	368, 891. 50	201, 108. 50	167, 783. 00
Grants to counties on State-owned game lands, 10 cents per acre	37, 909. 43	34, 858. 40	3, 051. 03
Total for general government	7, 741, 665. 25	2, 390, 438. 51	5, 351, 226. 74

[1] As revised on a basis comparable with the classifications for the fiscal year ended June 30, 1941.

Comparative summary of aid to local units of government—Continued

Purpose and description	Total for fiscal year ended June 30—		Increase or decrease
	1941	1940	
For education:			
Grants to school districts from specific taxes	$16,265,778.46	$ 15,664,129.17	$601,649.29
Supplementation grants to school districts	14,739,394.82	15,663,478.49	*924,083.67*
Equalization grants to school districts	9,994,826.72	9,672,392.34	322,434.38
Grants to rural agricultural schools for transportation of pupils	249,999.11	250,000.00	*.89*
Grants to county normal training classes	55,000.00	55,000.00	0
Grants to day schools for deaf, blind, epileptic and crippled children	560,000.00	597,914.44	*37,914.44*
Grants for regular vocational education	731,483.22	345,755.07	385,728.15
Grants for special vocational education	1,031,511.52	538,519.43	492,992.09
Grants for defense vocational education:			
Plan A	1,408,639.37	0	1,408,639.37
Plan B	107,689.84	0	107,689.84
Plan C	122,497.36	0	122,497.36
Grants for instructional machinery and equipment required for defense programs in schools	85,315.70	0	85,315.70
Grants to Detroit teachers' retirement fund	39,882.17	40,426.59	*544.42*
Total for education	45,392,018.29	42,827,615.53	2,564,402.76
For public health and medical assistance:			
Grants to counties for public health service	118,500.00	114,750.00	3,750.00
Grants to counties for aid in care of tuberculosis patients	2,063,800.50	2,136,318.93	*72,518.43*
Medical treatment of afflicted children	583,696.93	417,449.58	166,247.35
Medical treatment of afflicted children—prior year's charges	355,607.29	0	355,607.29
Medical treatment of crippled children	497,555.23	300,287.14	197,268.09
Medical treatment of crippled children—prior year's charges	78,548.15	0	78,548.15
Total for public health and medical assistance	3,697,708.10	2,968,805.65	728,902.45
For public welfare service:			
Grants for general public relief	7,860,065.00	9,899,014.38	*2,038,949.38*
Distribution to local units of government of dividends received on Federal emergency relief closed bank claims	59,347.12	13,221.41	46,125.71
Grants for aid to dependent children	9,656,978.51	7,052,959.33	2,604,019.18
Grants for old-age assistance	15,822,200.50	15,195,436.00	626,764.50
Grants for old-age assistance—burials	323,616.12	316,084.70	7,531.42
Grants for aid to the blind	301,959.50	204,053.55	97,905.95
Total for public welfare service	34,024,166.75	32,680,769.37	1,343,397.38
For highways:			
Grants to counties for county highway systems (allocation from gasoline tax)	6,550,000.00	6,550,000.00	0
Payment of motor vehicle annual licenses (weight tax) collected for distribution to counties	23,758,398.11	22,284,487.19	1,473,910.92
Grants to counties for aid in snow removal	200,000.00	200,000.00	0
Total for highways	30,508,398.11	29,034,487.19	1,473,910.92
Total for all purposes	121,363,956.50	109,902,116.25	11,461,840.25

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[3] This item was not classified as aid to local units of government in the published report for the fiscal year ended June 30, 1940. Included herein for comparative purposes.

Comparative summary of aid to local units of government (classified according to State funds from which expended)

State fund from which expended and description	Fiscal year ended June 30, 1941			Fiscal year ended June 30, 1940 [1]			Increase or decrease		
	Total	Portion financed from State revenue	Portion financed from Federal grants	Total	Portion financed from State revenue	Portion financed from Federal grants	In total	In portion financed from State revenue	In portion financed from Federal grants
The general fund:									
Steamship tonnage tax distributed to counties	$13, 303. 50	$13, 303. 50	0	$15, 337. 50	$15, 337. 50	0	*$2, 034. 00*	*$2, 034. 00*	0
Land office board revenue distributed to local units of government	2, 256, 968. 84	2, 256, 968. 84	0	[2] 4, 688. 00	4, 688. 00	0	2, 252, 280. 84	2, 252, 280. 84	0
Intangibles tax distributed to local units of government	1, 584, 495. 20	1, 584, 495. 20	0	0	0	0	1, 584, 495. 20	1, 584, 495. 20	0
Severance tax distributed to local units of government	383, 557. 83	383, 557. 83	0	268, 017. 45	268, 017. 45	0	115, 540. 38	115, 540. 38	0
Grants to school districts from specific taxes	16, 265, 778. 46	16, 265, 778. 46	0	15, 664, 129. 17	15, 664, 129. 17	0	601, 649. 29	601, 649. 29	0
Supplementation grants to school districts	14, 739, 394. 82	14, 739, 394. 82	0	15, 663, 478. 49	15, 663, 478. 49	0	*924, 083. 67*	*924, 083. 67*	0
Equalization grants to school districts	9, 994, 826. 72	9, 994, 826. 72	0	9, 672, 392. 34	9, 672, 392. 34	0	322, 434. 38	322, 434. 38	0
Grants to rural agricultural schools for transportation of pupils	249, 999. 11	249, 999. 11	0	250, 000. 00	250, 000. 00	0	*. 89*	*. 89*	0
Grants to county normal training classes	55, 000. 00	55, 000. 00	0	55, 000. 00	55, 000. 00	0	0	0	0
Grants to day schools for deaf, blind, epileptic, and crippled children	560, 000. 00	560, 000. 00	0	597, 914. 44	597, 914. 44	0	*37, 914. 44*	*37, 914. 44*	0
Grants for regular vocational education	731, 483. 22	250, 478. 13	$481, 005. 09	345, 755. 07	115, 251. 69	$230, 503. 38	385, 728. 15	135, 226. 44	$250, 501. 71
Grants for special vocational education	1, 031, 511. 52	213, 238. 03	818, 273. 49	538, 519. 43	120, 767. 52	417, 751. 91	492, 992. 09	92, 470. 51	400, 521. 58
Grants for defense vocational education:									
Plan A	1, 408, 639. 37	0	1, 408, 639. 37	0	0	0	1, 408, 639. 37	0	1, 408, 639. 37
Plan B	107, 689. 84	0	107, 689. 84	0	0	0	107, 689. 84	0	107, 689. 84
Plan C	122, 497. 36	0	122, 497. 36	0	0	0	122, 497. 36	0	122, 497. 36
Grants for instructional machinery and equipment required for defense programs in schools	85, 315. 70	0	85, 315. 70	0	0	0	85, 315. 70	0	85, 315. 70
Grant to Detroit teachers' retirement fund	39, 882. 17	39, 882. 17	0	40, 426. 59	40, 426. 59	0	*544. 42*	*544. 42*	0
Grants to counties for public health service	118, 500. 00	118, 500. 00	0	114, 750. 00	114, 750. 00	0	3, 750. 00	3, 750. 00	0
Grants to counties for aid in care of tuberculosis patients	2, 063, 800. 50	2, 063, 800. 50	0	2, 136, 318. 93	2, 136, 318. 93	0	*72, 518. 43*	*72, 518. 43*	0
Medical treatment of afflicted children	583, 696. 93	583, 696. 93	0	417, 449. 58	417, 449. 58	0	166, 247. 35	166, 247. 35	0

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[1] As revised on a basis comparable with the classification for the fiscal year ended June 30, 1941.

[2] This item was not classified as aid to local units of government in the published report for the fiscal year ended June 30, 1940. Included herein for comparative purposes.

Comparative summary of aid to local units of government (classified according to State funds from which expended)—Continued

State fund from which expended and description	Fiscal year ended June 30, 1941			Fiscal year ended June 30, 1940			Increase or decrease		
	Total	Portion financed from State revenue	Portion financed from Federal grants	Total	Portion financed from State revenue	Portion financed from Federal grants	In total	In portion financed from State revenue	In portion financed from Federal grants
The general fund—Continued.									
Medical treatment of afflicted children—prior year's charges	$355, 607. 29	$355, 607. 29	0	0	0	0	$355, 607. 29	$355, 607. 29	0
Medical treatment of crippled children	497, 555. 23	381, 088. 84	$116, 466. 39	$300, 287. 14	$265, 367. 87	$34, 919. 27	197, 268. 09	115, 720. 97	$81, 547. 12
Medical treatment of crippled children—prior year's charges	78, 548. 15	78, 548. 15	0	0	0	0	78, 548. 15	78, 548. 15	0
Grants for general public relief	7, 860, 065. 00	7, 860, 065. 00	0	9, 899, 014. 38	9, 899, 014. 38	0	*2, 038, 949. 38*	*2, 038, 949. 38*	0
Distribution to local units of government of dividends received on Federal emergency relief closed bank claims	59, 347. 12	0	59, 347. 12	13, 221. 41	0	13, 221. 41	46, 125. 71	0	46, 125. 71
Grants for aid to dependent children	9, 656, 978. 51	5, 915, 575. 11	3, 741, 403. 40	7, 052, 959. 33	4, 501, 269. 53	2, 551, 689. 80	2, 604, 019. 18	1, 414, 305. 58	1, 189, 713. 60
Grants for old-age assistance	15, 822, 200. 50	8, 009, 491. 09	7, 812, 709. 41	15, 195, 436. 00	7, 587, 447. 77	7, 607, 988. 23	626, 764. 50	422, 043. 32	204, 721. 18
Grants for old-age assistance—burials	323, 616. 12	323, 616. 12	0	316, 084. 70	316, 084. 70	0	7, 531. 42	7, 531. 42	0
Grants for aid to the blind	301, 959. 50	144, 622. 01	157, 337. 49	204, 053. 55	102, 505. 99	101, 547. 56	97, 905. 95	42, 116. 02	55, 789. 93
Liquor retailers' license revenue distributed to local units of government, 85 percent	3, 072, 107. 52	3, 072, 107. 52	0	1, 850, 997. 19	1, 850, 997. 19	0	1, 221, 110. 33	1, 221, 110. 33	0
Commercial forest reserve grants to counties, 10 cents per acre	9, 000. 00	9, 000. 00	0	9, 000. 00	9, 000. 00	0	0	0	0
National forest reserve revenue distributed to counties	14, 374. 25	0	14, 374. 25	5, 782. 22	0	5, 782. 22	8, 592. 03	0	8, 592. 03
Grants to counties on lands reserved for conservation purposes, 25 cents per acre	1, 057. 18	1, 057. 18	0	649. 25	649. 25	0	407. 93	407. 93	0
Grants to counties on State-owned swamp and tax-reverted lands, 10 cents per acre	368, 891. 50	368, 891. 50	0	201, 108. 50	201, 108. 50	0	167, 783. 00	167, 783. 00	0
Total general fund	90, 817, 648. 96	75, 892, 590. 05	14, 925, 058. 91	80, 832, 770. 66	69, 869, 366. 88	10, 963, 403. 78	9, 984, 878. 30	6, 023, 223. 17	3, 961, 655. 13

State highway fund:									
Grants to counties for county highway systems (allocation from gasoline tax)	6, 550, 000. 00	6, 550, 000. 00	0	6, 550, 000. 00	6, 550, 000. 00	0	0	0	0
Payment of motor vehicle annual licenses (weight tax) collected for distribution to counties	23, 758, 398. 11	23, 758, 398. 11	0	22, 284, 487. 19	22, 284, 487. 19	0	1, 473, 910. 92	1, 473. 910. 92	0
Grants to counties for aid in snow removal	200, 000. 00	200, 000. 00	0	200, 000. 00	200, 000. 00	0	0	0	0
Total State highway fund	30, 508, 398. 11	30, 508, 398. 11	0	29, 034, 487. 19	29, 034, 487. 19	0	1, 473, 910. 92	1, 473, 910. 92	0
Game and fish protection fund: Grants to counties on State-owned game lands, 10 cents per acre	37, 909. 43	37, 909. 43	0	34, 858. 40	34, 858. 40	0	3, 051. 03	3, 051. 03	0
Total all funds	121, 363, 956. 50	106, 438, 897. 59	14, 925, 058. 91	109, 902, 116. 25	98, 938, 712. 47	10, 963, 403. 78	11, 461, 840. 25	7, 500, 185. 12	3, 961, 655. 13

EXHIBIT 2.—HEALTH PROBLEMS CREATED BY DEFENSE MIGRATION IN MICHIGAN

REPORT BY H. ALLEN MOYER, M. D., COMMISSIONER, MICHIGAN DEPARTMENT OF HEALTH, LANSING, MICH.

SEPTEMBER 12, 1941.

We feel that important problems of health are created by national-defense migration.

Jobs in defense industries in our State are responsible for two movements of population:

1. From available information it appears that workers and their families are being attracted to Michigan from other States.
2. Michigan families are leaving home to move into defense areas elsewhere in the State.

In some instances, these population movements are under full swing; in others, they seem bound to follow the opening of defense plants now under construction.

No local community is equipped to withstand the entire shock and strain of these large migrations, and it is unfair that the national necessity should place excessive burdens upon particular localities. State and Federal funds must be used to meet health problems which are created or greatly aggravated by the movement of workers and their families into industrial defense areas.

There are two ways of using State and Federal funds in local health protections. The funds may be allocated to local full-time city, county, or district health departments. Where there is no full-time health unit only limited services can be given by State staff personnel.

The principle of extending financial aid to local health departments has been followed in Michigan from the beginning of organized county and district units in 1927. At present, 65 counties out of 83 in the State have full-time health protection, either from single county units or from district health departments. Financial aid to local health units is discussed in more detail elsewhere in this statement.

Turning again to the immediate and the prospective health problems related to national-defense migration, we would like to have you consider them in two divisions:

First. Those problems related directly to sanitation.

Second. Other problems due to communicable diseases resulting from contacts among people.

SANITATION

Some of the important expansions of defense industry in Michigan are taking place in territory where the sanitation situation was unsatisfactory anyway. As a consequence, the defense migration has simply overwhelmed sanitary facilities, some of which were already inadequate, and has created new sanitation problems where none existed before.

Mainly, this is occurring in the Detroit area, particularly in the bordering counties of Oakland and Macomb to the north and in the western part of Wayne County (in which Detroit is located).

Briefly the conditions are these: The land is mostly flat, the soil is mostly heavy clay, and thousands of families have their own water supplies and sewage disposal facilities, such as they are.

Sewage is running in open roadside ditches, recreational waters are being polluted, water supplies are contaminated or open to pollution (many of them are shallow dug wells), and while no outbreaks of water-borne disease have yet been reported in these areas, we consider that an emergency may be in the making.

Some residents worry about the odors. They're often bad enough (for example sewage flows along a road which boys and girls travel in reaching one schoolhouse), but in the State health department we worry not about the smells but about the threat of disease and death.

Newspapers have described the conditions repeatedly, by word and by picture. Everyone who is informed on the matter agrees that the situation is bad and getting worse. For jobs continue to multiply and therefore families continue to move in, and just by living there add to the problem.

In spite of the fact that in this area are some of the key arsenals of our national defense, not a shovel has been turned to lay a line of sewer to serve the growing population. Some water mains have been extended from the Detroit system, just north of the city, but nothing more. After months of studies and conferences, we still are without a broad program of action.

As this is written, it is not clear how action will come. There are many communities concerned—townships, villages, cities, counties. There is no central authority or organization. Consequently, there is no ready way of arranging for finances.

Without any hesitation, we put this problem down as the No. 1 sanitation problem of the State. And even as we say that, it appears that conditions just as intolerable may develop elsewhere; for instance, as the huge bomber plant near Ypsilanti attracts possibly tens of thousands of workers.

Pending an adequate program, the Michigan Department of Health has joined with the Michigan Council of Defense in putting the facts squarely before defense workers living in these areas. A folder has been prepared for distribution by the Michigan Council of Defense and its county councils, and a copy is attached as a part of this statement.[1]

In another part of the State, the sanitation problem connected with migrant labor is well shown in an outbreak of bacillary dysentery. An epidemiological report made by one of our staff is enclosed, but in summary this is what happened.[2]

A camp for migrant farm laborers, operated by the farmer who employed them, was the scene of an outbreak in June of this year in which 11 cases of Flexner bacillary dysentery were reported, with 1 death. Toilet facilities were so inadequate that the fields were used as much as privies for excreta disposal.

The single well serving 20 families was a dug well 17 feet deep. It had a board platform and excess water drained back into the well. Our investigation showed that the whole colony washed dishes, clothes, and diapers and themselves at the well.

Our mobile laboratory unit was sent to the colony, and culture studies showed so many possible avenues of infection that no one factor could be singled out as the prime means by which the outbreak developed. Inquiry showed, also, that diarrhea had been prevalent in the nearby village of Keeler during the summer.

While in this particular case, the farmer who runs the colony agreed to repair the privies and provide a suitable concrete top for the well, the improvements affect the living of only a few migrant farm laborers and their families. Other situations with the same health hazards are thought to exist in many other localities where truck farmers depend upon migrant labor for field workers.

If employment of migrant labor continues as a part of the agricultural methods of Michigan, something must be done to prevent such conditions as those found in Van Buren County. The migrant laborers themselves are relatively helpless to protect themselves and being unable to prevent disease in their own ranks they are a threat to whatever community they work in.

The Farm Security Administration is willing to help meet this problem, and it seems that new consideration should be given to the erection of Federal labor camps where needed in Michigan.

Summarizing the position of the Michigan Department of Health on sanitation: The department does not have and never has had funds for construction of water or sewerage systems. No State agency has had such spending powers since the 1830's and the bankruptcies of those days of "internal improvements." Providing water and sewerage facilities is the normal responsibility of local communities; in approving plans for these facilities, it is the responsibility of the State health department to see that they provide adequately for health protection. In this situation, and with an emergency in prospect, ways must be found for stimulating and aiding the local communities to provide the necessary sanitary facilities.

OTHER COMMUNICABLE-DISEASE PROBLEMS

Aside from such infections as dysentery and typhoid fever which are directly related to faults in sanitation, migrant labor gives rise to other communicable-disease problems.

For example, two diphtheria outbreaks occurred in August in Mexican families who came from Texas for a summer of work with sugar beet, pickle, tomato, berry, and other crops.

As it happened, with good luck and quick preventive work, neither outbreak spread to nearby farm or village populations, and both were brought under control in a matter of days. The deaths totaled three—one baby and two children aged 5 and 3.

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[1] Held in committee files.

[2] This report appears in pt. 19 with other material on the subject of agricultural migration into the State of Michigan.

One of the diphtheria outbreaks occurred in a colony of 246 persons (including more than 100 children), at Blissfield, in Lenawee County where there is no full-time health service.

The mobile laboratory of the Michigan Department of Health was rushed to the colony and throat cultures were made of every man, woman, and child. Antitoxin was used freely where the diphtheria germ was found, and children were given toxoid as a preventive measure. A camp quarantine was enforced by State police and sheriff's deputies. In the nearby village of Blissfield, toxoid was given to children.

In the other outbreak, diphtheria was discovered in four families in Saginaw County, which was a full-time county health unit. The entire group was isolated in emergency quarters in the Saginaw County Hospital, and there was no further spread of the disease.

Epidemiological reports of both these diphtheria outbreaks are submitted with this statement.[1] The photographs attached to the studies show in part the crowded conditions in which these Mexican field laborers and their families lived. For example, at Saginaw the 4 families were living in a 1-room house. At Blissfield, 18 families lived in a barn partitioned into 12 apartments.

The Blissfield and the Saginaw County diphtheria outbreaks show what can happen and what is necessary to control a communicable disease epidemic among migratory laborers. As you know, the Michigan Department of Health has also had experience in trying to eliminate certain sources of disease among these same Mexican migratory workers before they come to Mighigan.

This is the program supported by the sugar beet growers of Michigan, and aimed at screening out individuals with tuberculosis and venereal disease from among those applying for jobs in this State.[2]

You have had testimony on this preventive program before the House Committee on Interstate Migration of Destitute Citizens. Dr. Koppa testified at Chicago in August of 1940 and gave you figures on the number of persons examined and number rejected for health reasons. The following table will bring the results down to date:

Preemployment examinations for Mexican sugar-beet workers

	1939	1940	1941
Persons examined in Texas	4,271	5,753	7,597
Persons rejected for tuberculosis	81	121	197
Percentage of active cases of tuberculosis	1.89	2.10	2.59

We wish to point out that these rates of tuberculosis infection among the Mexican migratory workers are four or five times the rates for industrial groups in Michigan where preemployment examinations are made and also four or five times the tuberculosis rates being found among men called for selective service examinations. We are especially concerned with screening out tuberculous workers migrating to Michigan because our own tuberculosis control program is already burdened. We undertake to hospitalize every person who carries tuberculosis infection, and we have a vigorous case-finding program by X-ray examination to discover such persons even before symptoms are otherwise apparent and before they realize they are ill.

All this costs money, although we are satisfied that it is worth all it costs and more. However, when you consider that in matching county funds for the care of tuberculosis patients, the State of Michigan appropriates more than $2,000,000 a year, you appreciate the fact that we are glad to be spared the expense of caring for tuberculous men and women among the Mexican migratory workers.

In other areas of public health, the migratory worker makes admittedly difficult problems even more difficult—simply because he is so much on the move. If he is carrying a communicable disease, he may spread infections from one end of the State to the other; for example, from the onion fields in the South to the cherry orchards in the North.

We need reinforcements all along the line to meet these health dangers. In the control of venereal disease, we are making the best use we can of Federal funds granted to us for this purpose. We are paying for special nurses to aid in follow-up work in order to keep men and women under treatment, and we are supplying drugs out of State funds free to physicians for treatment of syphilis and gonorrhea patients. The treatment can be arranged anywhere in Michigan, for if the patient is unable to pay for his treatment, the cost becomes a county charge.

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[1] See pt. 19, Detroit hearings, for both reports and photographs.

[2] See Chicago hearings, pp. 1271-1304; Oklahoma City hearings, pp. 1878-1883, and Washington hearings, pt. 11, pp. 4771-4822.

We would like briefly to mention the recent work being done in Michigan on the so-called 5-day (intensive) treatment for syphilis. As you know, this treatment with massive dosage of drugs is a hospital procedure, and is available only in designated centers. This treatment is proving a great help in the control of infectious cases. This type of treatment is especially adapted to transients, therefore is the treatment of choice for this group.

In reviewing for you instances of communicable disease outbreaks among migratory workers, we have given you recent experiences with agricultural labor. A migration of industrial workers has similar potential hazards, although the continual watchfulness of city health departments helps to hold these dangers in check.

Certain questions on the operation of the Michigan Department of Health have been raised with us by your committee staff, and we are submitting brief answers.

The financial resources of the department are shown in the following table:

Sources of funds for Michigan Department of Health, fiscal year ending June 30, 1941

	Title VI of Social Security Act	Venereal disease control	Title V of Social Security Act	Available State funds
Federal grants, 1941-42	$344,300.00	$142,200.00	$164,205.58	
Balances from 1940-41	32,740.30	14,962.37	90,460.53	
Available for 1941-42	377,040.30	157,162.37	254,666.11	$2,977,200.00

The total of $2,977,200 in State funds is allocated as follows:

Department	$247,500
Laboratories	452,200
Aid to county health units	127,500
Tuberculosis subsidy to counties	2,150,000

Allocation of Federal funds by sources follows:

	Title VI of Social Security Act	Venereal disease con-control	Title V of Social Security Act	Available State funds
County and city health units	$135,210.00	$68,390.00	$100,834.11	
University of Michigan	22,500.00	3,000.00		
Bureaus of the Department	196,860.00	83,310.00	125,049.88	
Total	354,570.00	154,700.00	225,883.99	

NOTE.—Local health services of one sort or another are provided through funds allocated to bureaus of the Michigan Department of Health. These services include consultation, nursing and other services. The same holds true for State funds; for example, the services of the laboratory reach every part of the State in the furnishing of biologics and in making laboratory examinations.

Operation of selective service and calling to service of Reserve officers.—Some of our key technical men have been lost, and our bureau heads are apprehensive of more losses from our staff because of military service. It is very difficult to find engineers trained in industrial hygiene, for example, and there is a shortage of trained personnel in tuberculosis hospitals, for another example.

Our feeling is that the military services should leave us the personnel needed to carry on health protection services so far as they possibly can. Some of the civilian public health services have military importance, as in training camp areas and in defense-industry areas.

You will want to know, too, that for the first time in years, we recently have been unable to find public health nurses to refer to local health departments for permanent positions. In the past, nurses have been obtained from schools of public health at Wayne University, the University of Michigan, and from other universities; from the nurse placement service in Chicago; and from the ranks of nurses who inquire about positions.

Effect of Michigan's civil service.—Our bureaus find that civil service is working well, but, of course, if trained personnel is not available, civil service can't refer them to us. We have no suggestions to make so far as civil service is concerned. Some delays in appointments have been experienced, but allowance must be made for the huge job the civil service commission of the State has had in putting the entire State personnel on a merit basis.

Industrial hygiene.—The staff of our bureau of industrial hygiene includes one physician, six engineers, and one secretary. We are adding an analytical chemist. The budget for the bureau is $48,630 for which Federal funds total $38,630. At present 80 percent of the work of the bureau is connected with plants having national-defense contracts, either direct contracts or subcontracts.

Our bureau now has work ahead for several months, and you will be interested to know that during the past year, Michigan industry spent $400,000 in carrying into effect recommendations of the bureau.

Health departments.—State aid up to a maximum of $3,000 per unit is given to county or district health departments. Two, three, or four counties are in district units. Organization of such health units is voluntary, and 65 of the State's 83 counties now have full-time services from county or district health departments. Grants from 2 foundations, the children's fund of Michigan and the W. K. Kellogg Foundation, have been of great assistance to local health departments. The plan of organization of county health departments must be approved by the State health commissioner, and staff members must be approved by the State health commissioner. Cities may elect to join with a county unit, and in 1 instance (Kalamazoo City and Kalamazoo County) this has been done. There are 12 city health departments with full-time services.

Hospitals.—The Michigan Department of Health has official connections only with tuberculosis sanatoria. We have supervision over 4,891 beds for tuberculosis care in 23 approved sanatoria (State county, city, and private) and 7 subsidiary hospitals in the Detroit system.

Exhibit 3.—Michigan's Direct Relief Problem

REPORT BY JOHN D. O'CONNELL, DIRECTOR, STATE DEPARTMENT OF SOCIAL WELFARE, LANSING, MICH.

Under the Michigan Social Welfare Act (P. A. 280, 1939), Michigan's direct relief responsibilities are shared by both the State and local governmental units. The State Commission allocates to the various counties funds appropriated by the legislature for direct relief purposes, exercises supervision over fiscal policies, and arbitrates disputes among the various counties with respect to matters of legal settlement.

The final determination with respect to the granting, form, and amount of direct relief, rests with county social welfare boards. In addition to these direct-relief responsibilities, the county boards provide hospitalization for afflicted adults and operate county infirmaries.

VOLUME AND COSTS OF DIRECT RELIEF

In table I, trends in direct relief caseloads and assistance costs over an 8-year period are presented. During this period, expenditures for direct relief purposes were incurred in an aggregate sum exceeding $235,000,000.

Whereas the volume of direct relief recipients appears to have followed a downward trend, it must be borne in mind that a large part of the apparent reductions are due to the inauguration of other public-relief programs such as Work Projects Administration, old-age assistance, aid to dependent children, and aid to the blind. With the inception of the Work Projects Administration program in 1935, employable persons were removed from direct relief rolls as rapidly as possible. The effects of Work Projects Administration employment were evident in a decrease in the average monthly caseload of from 111,273 cases during the fiscal year 1935–36 to 59,826 cases during the fiscal year 1936–37. This reduction in the volume of direct-relief cases was accompanied by a decrease of more than $13,000,000 in the amount of assistance extended.

The present State direct relief caseload of 33,232 cases (August 1941) represents the lowest direct relief load since State-wide data have been available. This low level can be attributed in large part to the present increased industrial activity. The probable effects which industrial dislocation attendant to the defense program will have upon direct relief rolls is discussed later.

TABLE I.—*Average monthly direct relief caseload and total annual assistance costs of direct relief, 1933–41*

Fiscal year July 1 to June 30	Average monthly case load	Total annual assistance costs [1]
1933–34	160, 348	$38, 479, 484
1934–35	187, 758	65, 163, 219
1935–36	111, 273	32, 805, 290
1936–37	59, 826	19, 154, 353
1937–38	88, 880	$30, 262, 720
1938–39	76, 710	19, 093, 715
1939–40	64, 309	16, 553, 042
1940–41	50, 942	13, 535, 838

[1] Excludes costs of administration, materials, plant and equipment.

It will be noticed that the average monthly caseload during the fiscal year 1937–38 was 48.6 percent above that of the preceding fiscal year. This marked increase reflects both a period of widespread industrial strikes and the general economic depression of 1938. The curtailment of industrial activity at that time was so severe that the number of direct relief recipients rose to a peak of 161,213 cases in March 1938, and did not fall below the 100,000 mark until September. The industrial counties of the State such as Genesee, Ingham, Oakland, and Wayne, whose basic economy is dominated by the automotive industry, were particularly affected at that time.

The degree to which the direct relief load in industrial counties reflects fluctuations in industrial employment and the influence which such counties exert upon the entire State direct relief load is presented in table II. During the 1937–38 recession period, the State direct relief load varied from a low of 37,530 cases in September to 161,213 cases 6 months later. During the same fiscal year, the number of direct relief recipients in Wayne County varied from a minimum of 12,853 to a maximum of 74,966—a fluctuation of more than 62,000 cases representing an increase in Wayne County alone of nearly 500 percent.

TABLE II.—*Fluctuations in the direct relief case load, entire State and Wayne County*

Fiscal year, July 1 to June 30	Entire State		Wayne County [1]	
	Maximum monthly load	Minimum monthly load	Maximum monthly load	Minimum monthly load
1933–34	202, 128	126, 811	71, 495	31, 435
1934–35	223, 902	149, 838	72, 640	43, 229
1935–36 [2]	164, 266	67. 957	53, 105	22, 590
1936–37	76, 525	43, 771	22, 248	12, 720
1937–38	161. 213	37, 530	74, 966	12. 853
1938–39	109, 562	58, 107	52, 795	19. 839
1939–40	73, 074	53. 869	27, 568	20, 326
1940–41	55, 584	36, 251	25, 745	16, 233

[1] Includes both city of Detroit and Wayne out-county.

[2] Extreme variation between maximum and minimum due in large part to absorption by Work Projects Administration.

The data presented in this table indicates that it is the industrial counties which are most subject to sudden and extreme variations in the volume and cost of direct relief. The cut-over counties of both the Upper and Lower Peninsulas are inclined toward relative stability and care for a case load largely composed of unemployable persons. Fluctuations in Work Projects Administration employment affect direct relief loads in these counties somewhat as variations in industrial activity affect the direct relief load of the industrial counties, though to a lesser extent. When industrial activity is curtailed, the industrial counties are directly affected. The cut-over and Upper Peninsula counties soon reflect these conditions of general economic decline.

FINANCING DIRECT RELIEF

Both the State and counties share in the financial responsibilities of administering direct relief. It is one of the provisions of the Social Welfare Act that the State must allocate to each county, funds sufficient to meet at least 50 percent of the county costs of direct relief in each county. The allocation of State funds is based upon actual relief requirements with due consideration given to the financial resources of the respective counties. State funds are used locally for direct relief payments, medical care, burials for deceased recipients, and to offset a portion of the costs incurred in the distribution of Federal surplus commodities and the sponsoring of Work Projects Administration sewing projects. The financing of local administrative costs, hospitalization, infirmary care, the operation of county farms, and the purchase of essential plant and equipment is entirely a local responsibility.

TABLE III.—*Comparative statement, assessed valuation of counties and net disbursements for direct relief charged against local funds on basis of percentages fixed by State Social Welfare Commission, July 1, 1940 to June 30, 1941*

County	Assessed valuation 1940	Net disbursements for direct relief charged to local funds	
		Amount	Millage of assessed valuation
Wayne	$3,082,964,055	$4,082,926.94	1.3
Kent	256,979,545	286,424.18	1.1
Genesee	238,393,480	168,655,99	.7
Oakland	223,529,703	104,785.49	.5
Ingham	145,928,814	176,905.05	1.2
Saginaw	135,199,525	87,169.07	.6
Kalamazoo	120,553,500	102,428.19	.8
Jackson	99,872,055	64,232.29	.6
Calhoun	98,188,420	35,470.23	.4
St. Clair	91,731,436	75,454.20	.8
Washtenaw	86,729,714	33,376.86	.4
Muskegon	85,292,075	107,041.57	1.3
Macomb	84,749,068	42,866.21	.5
Berrien	75,479,663	49,718.57	.7
Bay	67,275,369	58,227.55	.9
Monroe	62,793,504	87,726.78	1.4
Lenawee	56,611,475	39,141.89	.7
Marquette	50,884,042	40,341.64	.8
Ottawa	45,652,120	28,649.83	.6
Allegan	37,923,365	20,407.52	.5
Gogebic	35,019,585	68,301.78	2.0
Gratiot	30,323,999	24,910.15	.8
Van Buren	29,554,333	31,803.87	1.1
Eaton	28,567,744	17,292.70	.6
St. Joseph	28,527,195	26,496.95	.9
Huron	27,799,865	10,654.52	.4
Ionia	27,697,810	18,137.86	.7
Shiawassee	27,323.702	34,575.18	1.3
Midland	26,272,807	7,185.57	.3
Montcalm	25,047,264	16,060.67	.6
Tuscola	24,834,933	14,399.70	.6
Lapeer	24,035,630	24,268.93	1.0
Clinton	23,655,537	16,387.00	.7
Livingston	23,626,012	13,615.26	.6
Hillsdale	23,567,695	12,258.20	.5
Sanilac	23,259,465	18,214.77	.8
Branch	22,331,799	14,599.06	.7
Chippewa	21,434,965	27,701.42	1.3
Iron	20,512.615	17,038,57	.8
Isabella	20,139,606	14,367.24	.7
Barry	19,807,535	10,336.21	.5
Cass	18,453,519	12,783.30	.7
Menominee	17,802,720	23,454.95	1.3
Houghton	16,990,262	21,933.56	1.3
Alpena	16,695,500	16,733.94	1.0
Delta	15,709,802	13,274.51	.8
Grand Traverse	15,304,822	11,509.68	.8
Dickinson	15,180,190	13,639.97	.9
Mason	14,510,782	9,686.05	.7
Newaygo	14,235,977	15,219.12	1.1

TABLE III.—*Comparative statement, assessed valuation of counties and net disbursements for direct relief charged against local funds on basis of percentages fixed by State Social Welfare Commission, July 1, 1940 to June 30, 1941*—Con.

County	Assessed valuation 1940	Net disbursements for direct relief charged to local funds	
		Amount	Millage of assessed valuation
Manistee	$12, 692, 886	$13, 950. 76	1. 1
Emmet	12, 095, 877	11, 774. 75	1. 0
Mecosta	11, 890, 271	5, 092. 35	. 4
Wexford	10, 287, 554	11, 206. 44	1. 1
Oceana	10, 103, 983	6, 446. 83	. 6
Presque Isle	8, 829, 947	17, 439. 26	2. 0
Iosco	8, 647, 160	1, 947. 47	. 2
Charlevoix	8, 149, 818	6, 760. 44	. 8
Osceola	7, 769, 877	3, 713. 14	. 5
Ontonagon	7, 415, 073	3, 459. 53	. 5
Cheboygan	6, 740, 029	3, 518. 61	. 5
Baraga	6, 720, 265	1, 695. 09	. 3
Alger	6, 698, 892	962. 09	. 1
Schoolcraft	6, 417, 005	2, 431. 23	. 4
Clare	5, 921, 601	2, 410. 93	. 4
Gladwin	5, 903, 814	4, 127. 52	. 7
Antrim	5, 873, 564	4, 830. 42	. 8
Mackinac	5, 826, 290	2, 289. 39	. 4
Leelanau	5, 733, 477	874. 95	. 2
Arenac	5, 506, 305	1, 247. 70	. 2
Ogemaw	5, 492, 789	3, 763. 31	. 7
Luce	4, 883, 830	835. 78	. 2
Benzie	4, 284, 370	1, 864. 75	. 4
Alcona	4, 106, 510	2, 124. 46	. 5
Missaukee	3, 436, 325	2, 223. 54	. 6
Otsego	3, 291, 050	474. 85	. 1
Keweenaw	3, 289, 335	3, 584. 20	1. 1
Roscommon	3, 196, 453	1, 117. 52	. 3
Crawford	2, 737, 970	771. 18	. 3
Lake	2, 520, 780	0	0
Montmorency	2, 269, 705	287. 78	. 1
Oscoda	2, 173, 256	430. 50	. 2
Kalkaska	2, 148, 095	564. 36	. 3
Total	6, 028, 028, 754	6, 393, 011. 87	1. 1

LOCAL DIFFICULTIES IN FINANCING DIRECT RELIEF

Although a number of counties have been able to finance 50 percent of their direct relief costs, other counties have been forced to request that the State furnish a major portion of the funds required for direct relief.

In the cut-over counties of both the Upper and Lower Peninsula large tracts of once taxable land have reverted to the State because of unpaid assessments and delinquent moratorium installments. As of November 1939, more than 30 percent of the entire acreage in 4 of the 32 counties north of the Bay-Muskegon line was held by the State. Additional acreage has since reverted to State ownership. Assessed valuations in the cut-over counties have fallen to a surprisingly low level. In only 3 of the 32 counties was the 1940 assessed valuation in excess of $50 an acre. In 9 of these counties the 1940 assessed valuation was below $10 an acre, as compared with an average of $163.89 for the State as a whole.

Since almost all county funds are raised by property taxes, these losses of revenue sources have seriously curtailed the financial abilities of the cut-over counties.

The necessity for extending direct relief as a supplement to other types of public relief has imposed an additional financial strain upon these counties. Expenditures incurred for afflicted adult hospitalization approximate one-quarter of a million dollars per month and impose an additional local financial problem.

In order that State funds available for direct-relief purposes might be allocated to the various counties equitably and with due regard to relief needs and local financial abilities, the Commission has found it necessary to meet considerably more than 50 percent of the direct relief costs of some counties. In some instances the ratio of State to local funds employed for direct-relief purposes has been considerably in excess of 90 percent.

Table IV.—Direct-relief cases and costs by fiscal years, 1933–40

	1933–34	1934–35	1935–36	1936–37	1937–38	1938–39 [1]	1939–40 [1]
Average monthly caseload	160, 348	187, 758	111, 273	59, 826	88, 880	76, 710	64, 309
State and Federal funds, total amount	$39, 031, 111	$63, 807, 381	$29, 246, 742	$14, 094, 339	$17, 400, 440	$16, 675, 281	$9, 386. 322
Average per month	3, 252. 593	5, 317, 282	2, 437, 229	1, 174, 528	1, 450, 037	1, 389, 607	782, 194
Local funds, total amount	[2] 2, 612, 723	[2] 10, 361, 540	[2] 7, 478, 581	[2] 7, 026, 236	[2] 10, 635, 003	10, 042, 389	9, 297, 408
Average per month	217, 727	836, 462	623, 215	585, 520	886, 250	836, 866	774, 789
All funds, total amount	41, 643, 834	74, 168, 922	36, 725, 323	21, 120, 575	28, 035, 444	26, 717, 670	16, 683, 790
Average per month	3, 470, 320	6, 180, 743	3, 060, 444	1, 760, 048	2, 336, 287	2, 226, 472	1, 556, 982

[1] Compiled on basis of funds received.
[2] Compiled on basis of obligations incurred.

In table IV, direct-relief expenditures are shown by source of funds for each of the fiscal years from 1933–34 through 1939–40. The entire net disbursements for direct-relief and sponsor's contributions to Work Projects Administration sewing projects for the fiscal year 1940–41 are shown in table V. It may be seen that of a total expenditure of $13,662,667, State funds constituted 53 percent. This tabulation also shows that within individual counties the percentage of State funds varied from 50 to 100 percent. In addition to these direct-relief expenditures, an aggregate amount of only $200,000 was made available from State funds during the fiscal year 1940–41 for the operation of shelter bureaus and camps for the homeless and unattached. During slack periods of employment, shelter costs are subject to sudden increases.

TABLE V.—*Source of funds—Net disbursements for direct relief and sponsor's contributions to Work Projects Administration sewing and surplus commodity projects, July 1, 1940 to June 30, 1941*

	State funds		Local funds		Total funds
	Amount	Percent	Amount	Percent	
Alcona	$7, 072. 63	77	$2, 124. 46	23	$9, 197. 09
Alger	18, 279. 67	95	962. 09	5	19, 241. 76
Allegan	20, 407. 51	50	20, 407. 52	50	40, 815. 03
Alpena	20, 670. 21	55	16, 733. 94	45	37, 404. 15
Antrim	23, 353. 84	83	4, 830. 42	17	28, 184. 26
Arenac	8, 090. 87	87	1, 247. 70	13	9, 338. 57
Baraga	32, 206. 62	95	1, 695. 09	5	33, 901. 71
Barry	10, 336. 21	50	10, 336. 21	50	20, 672. 42
Bay	58, 227. 54	50	58, 227. 55	50	116, 455. 09
Benzie	25, 586. 75	93	1, 864. 75	7	27, 451. 50
Berrien	49, 718. 58	50	49, 718. 57	50	99, 437. 15
Branch	14, 599. 07	50	14, 599. 06	50	29, 198. 13
Calhoun	35, 470. 24	50	35, 470. 23	50	70, 940. 47
Cass	12, 783. 31	50	12, 783. 30	50	25, 566. 61
Charlevoix	15, 774. 35	70	6, 760. 44	30	22, 534. 79
Cheboygan	29, 251. 58	89	3, 518. 61	11	32, 770. 19
Chippewa	27, 701. 43	50	27, 701. 42	50	55, 402. 85
Clare	9, 643. 71	80	2, 410. 93	20	12, 054. 64
Clinton	16, 387. 01	50	16, 387. 00	50	32, 774. 01
Crawford	6, 940. 66	90	771. 18	10	7, 711. 84
Delta	119, 470. 59	90	13, 274. 51	10	132, 745. 10
Dickinson	54, 559. 87	80	13, 639. 97	20	68, 199. 84
Eaton	17, 292. 71	50	17, 292. 70	50	34, 585. 41
Emmet	11, 774. 75	50	11, 774. 75	50	23, 549. 50
Genesee	168, 655. 99	50	168, 655. 99	50	337, 311. 98
Gladwin	8, 490. 38	67	4, 127. 52	33	12, 617. 90
Gogebic	68, 301. 78	50	68, 301. 78	50	136, 603. 56
Grand Traverse	14, 067. 39	55	11, 509. 68	45	25, 577. 07

TABLE V.—*Source of funds—Net disbursements for direct relief and sponsor's contributions to Work Projects Administration sewing and surplus commodity projects, July 1, 1940 to June 30, 1941*—Continued

	State funds		Local funds		Total funds
	Amount	Percent	Amount	Percent	
Gratiot	$24, 910. 15	50	$24, 910. 15	50	$49, 820. 30
Hillsdale	12, 258. 21	50	12, 258. 20	50	24, 516. 41
Houghton	197, 402. 08	90	21, 933. 56	10	219, 335. 64
Huron	10, 654. 52	50	10, 654. 52	50	21, 309. 04
Ingham	176, 905. 06	50	176, 905. 05	50	353, 810. 11
Ionia	20, 991. 11	54	18, 137. 86	46	39, 128. 97
Iosco	5, 842. 40	75	1, 947. 47	25	7, 789. 87
Iron	51, 115. 70	75	17, 038. 57	25	68, 154. 27
Isabella	14, 367. 24	50	14, 367. 24	50	28, 734. 48
Jackson	64, 232. 28	50	64, 232. 29	50	128, 464. 57
Kalamazoo	102, 428. 19	50	102, 428. 19	50	204, 856. 38
Kalkaska	10, 722. 76	95	564. 36	5	11, 287. 12
Kent	286, 424. 19	50	286, 424. 18	50	572, 848. 37
Keweenaw	27, 613. 14	89	3, 584. 20	11	31, 197. 34
Lake	41, 293. 50	100			41, 293. 50
Lapeer	24, 268. 94	50	24, 268. 93	50	48, 537. 87
Leelanau	16, 624. 05	95	874. 95	5	17, 499. 00
Lenawee	39, 141. 90	50	39, 141. 89	50	78, 283. 79
Livingston	13, 615. 26	50	13, 615. 26	50	27, 230. 52
Luce	15, 879. 81	95	835. 78	5	16, 715. 59
Mackinac	43, 498. 31	95	2, 289. 39	5	45, 787. 70
Macomb	42, 866. 21	50	42, 866. 21	50	85, 732 42
Manistee	32, 551. 78	70	13, 950. 76	30	46, 502. 54
Marquette	40, 341. 65	50	40, 341. 64	50	80, 683. 29
Mason	20, 453. 89	68	9, 686. 05	32	30, 139. 94
Mecosta	5, 092. 36	50	5, 092. 35	50	10. 184. 71
Menominee	28, 205. 70	55	23, 454. 95	45	51. 660. 65
Midland	7, 185. 57	50	7. 185. 57	50	14. 371. 14
Missaukee	20. 011. 81	90	2, 223. 54	10	22, 235. 35
Monroe	87, 726. 78	50	87, 726. 78	50	175. 453. 56
Montcalm	16, 060. 67	50	16, 060. 67	50	32. 121. 34
Montmorency	5, 467. 87	95	287. 78	5	5, 755. 65
Muskegon	107, 041. 57	50	107, 041. 57	50	214. 083. 14
Newaygo	25, 696. 82	63	15, 219. 12	37	40. 915. 94
Oakland	104, 785. 49	50	104, 785. 49	50	209, 570. 98
Oceana	13, 695. 45	68	6, 446. 83	32	20. 142. 28
Ogemaw	15, 053. 26	80	3, 763. 31	20	18, 816. 57
Ontonagon	31, 135. 78	90	3, 459. 53	10	34, 595. 31
Osceola	14, 852. 56	80	3, 713. 14	20	18, 565. 70
Oscoda	8, 179. 52	95	430. 50	5	8, 610. 02
Otsego	9, 022. 11	95	474. 85	5	9. 496. 96
Ottawa	28, 649. 83	50	28, 649. 83	50	57. 299. 66
Presque Isle	26. 158. 89	60	17, 439. 26	40	43, 598. 15
Roscommon	10, 057. 68	90	1, 117. 52	10	11, 175. 20
Saginaw	87, 169. 08	50	87, 169. 07	50	174. 338. 15
St. Clair	75, 454. 21	50	75, 454. 20	50	150. 908. 41
St. Joseph	26, 496. 95	50	26, 496. 95	50	52. 993. 90
Sanilac	18, 214. 78	50	18, 214. 77	50	36, 429. 55
Schoolcraft	26, 020. 96	91	2, 431. 23	9	28, 452. 19
Shiawassee	34, 575. 18	50	34, 575. 18	50	69. 150. 36
Tuscola	14. 399. 71	50	14. 399. 70	50	28, 799. 41
Van Buren	31, 803. 88	50	31, 803. 87	50	63, 607. 75
Washtenaw	33, 376. 86	50	33, 376. 86	50	66, 753. 72
Wayne	713, 464. 04	50	713, 464. 04	50	1, 426, 928. 08
Wexford	33, 619. 30	75	11, 206. 44	25	44, 825. 74
Detroit	3, 369, 462. 91	50	3, 369, 462. 90	50	6, 738, 925. 81
Total	7, 269, 655. 16	53	6, 393, 011. 87	47	13, 662, 667. 03

NOTE.—Subject to audit revision.

A more comprehensive analysis of funds disbursed from State and local sources is presented in table VI. Although 53 percent of direct relief assistance payments during 1940–41 were met from State funds, disbursements by the county departments of social welfare were in an aggregate amount of $21,276,495—nearly three times the amount of State funds disbursed through county departments of social welfare.

TABLE VI.—*Source of funds disbursed by State and local public assistance agencies, July 1, 1940–June 30, 1941*

Classification	Federal	State	Local	Total
Bureau of social security:				
O. A. A. payments	$7, 911, 100. 25	$7, 911, 100. 25		$15, 822, 200. 50
O. A. A. burials		323, 338. 63		323, 338. 63
A. D. C. payments	3, 778, 411. 95	5, 044, 481. 10	$834, 065. 09	9, 656, 958. 14
A. B. payments	150, 977. 75	150, 977. 75		301, 955. 50
Surplus commodity distribution		105, 340. 10		105, 340. 10
Administration:				
State office	82, 894. 28	266, 146. 13		349, 040. 41
Local office	581, 983. 38	638, 967. 36		1, 220, 950. 74
Subtotal	12, 505, 367. 61	14, 440, 351. 32	834, 065. 09	27, 779, 784. 02
County departments of social welfare:				
Direct relief payments [1]		7, 476, 135. 83	6, 393, 011. 87	13, 869, 147. 70
County infirmary and farm			1, 084, 565. 28	1, 084, 565. 28
Afflicted adult hospitalization			2, 716, 329. 43	2, 716, 329. 43
Administration			3, 428, 053. 13	3, 428, 053. 13
All other			178, 400. 11	178, 400. 11
Subtotal		7, 476, 135. 83	13, 800, 359. 82	21, 276, 495. 65
State department of social welfare:				
Child welfare service	42, 480. 48	112, 369. 59		154, 850. 07
Surplus commodity distribution	3, 845. 28	26, 420. 89		30, 266. 17
Employment institution for blind		55, 668. 07		55, 668. 07
General administration		170, 767. 75		170, 767. 75
Subtotal	46, 325. 76	365, 226. 30		411, 552. 06
Grand total	12, 551, 693. 37	22, 281, 713. 45	14, 634, 424. 91	49, 467, 831. 73
Percent	25. 4	45. 0	29. 6	100. 0

[1] Includes assistance payments, sponsor's contributions to Work Projects Administration surplus commodity and sewing projects, and operation expense of shelter for single unattached men.

CHARACTERISTICS OF THE DIRECT RELIEF POPULATION

In December 1940, the Commission conducted a survey of 10 percent of the State's direct relief population. The information obtained appears to be representative of the entire State direct relief load of 53,242 cases during the month in which the survey was conducted.

From the results of the survey, it was evident that the greater portion of direct relief cases are either lacking an employable wage earner or are dependent because of the physical or mental incapacity of the normally employable wage earner. Of the 53,242 cases receiving relief, 29 percent were dependent because of loss of Work Projects Administration or private employment. Direct relief was extended as supplementation to insufficient earnings from private employment in 7.5 percent of all cases and as supplementation to Work Projects Administration employment in 8.1 percent. Approximately 29,000 cases, or 54.7 percent, were either completely lacking an available wage earner or the normally employable wage earner was physically or mentally incapable of accepting employment. Since the direct relief case load at the present time is at the extremely low level of 33,000 cases, it appears highly improbable that any additional extreme reductions can be affected through increases in private employment. However, any employment decline will result in an immediate increase in direct relief rolls.

Approximately 10.9 percent of the family heads of direct relief cases were found to be lacking citizenship status. Although no exact information has been obtained, it is possible that a number of the aliens now receiving direct relief are potentially employable. Unfortunately, a number of industrial concerns have been operating under the mistaken impression that legal limitations regarding the employment of aliens are much more restrictive than is actually true.

While but 16.7 percent of the total direct relief cases were found to be Negroes, within the city of Detroit, Negroes comprised 44.6 percent of all direct relief cases. In the months which have elapsed since the survey was conducted, it is probable that some Negro cases have been removed from direct relief rolls through private employment, but not as extensively as might have occurred were it not for racial discrimination.

Further evidence of the unemployability of the basic direct relief load is evident in the fact that of a total of 157,867 persons represented in direct relief cases, 40 percent were under the age of 16 years.

While local relief administrations were required to meet rental payments for one-third of the State's total direct relief load, in cities of 100,000 population or more, nearly two-thirds of all direct relief cases were required to seek rental payments from local relief offices. Rental payments in the larger cities averaged $17.16 for each case in behalf of whom such payments were extended as compared with an average of $7.70 in rural nonfarm areas and $8.38 in rural farm areas. It appears, therefore, that the major problems of meeting rental payments are confined to urban areas.

The above facts bear out the contention that the direct relief load is composed of a large number of cases who are permanently unemployable, most of whom will remain dependent upon public assistance regardless of economic conditions.

NONSETTLEMENT AND MIGRATORY LABOR

The problem of providing direct relief to cases lacking legal settlement has long been irritating relief officials. While the exact extent of such cases in Michigan is not known, the December survey indicated that approximately 9 percent of the cases who were receiving direct relief did not have legal settlement in the county in which they received aid.

In addition to intercounty migration, Michigan is subject to a periodic influx of migratory laborers. Primarily, four geographical areas are affected by such migration: (1) The vegetable and fruit belt of the east shore of Lake Michigan; (2) the sugar-beet areas of the central, south central, and thumb district; (3) the lumbering regions of both the Upper and Lower Peninsulas, and (4) the large industrial centers where seasonal and cyclical fluctuations in employment serve to attract and expel a mobile labor supply.

With the exception of the industrial worker, these other migratory laborers long have been considered essential to the basic economy of the industries by which they are employed. In general, they are trained, efficient workers and seldom constitute a serious relief problem. Although the volume of these workers in Michigan is not known with any degree of exactness, it has been estimated that between 30,000 and 40,000 migratory workers enter the Michigan fruit belts each year and that approximately 2,000 itinerant timber workers are continuously in the lumber regions.

More exact data are available regarding migratory workers in the Michigan beet fields. Sugar beets constitute one of the principal cash crops in 46 of the 68 counties of the Lower Peninsula. In 1939, approximately 14,000 farmers in these counties were engaged in growing sugar beets. Approximately 90 percent of all beet growers in the State employ contract labor, two-thirds of which is migratory.

Although a migratory labor supply appears to be essential to agricultural economy, areas occupied by migrant workers frequently present problems of sanitation, ill-housing, and lowered educational standards.

One of the greatest fears of relief officials is that such cases are apt to require hospitalization at county expense. The welfare boards are particularly concerned over this matter, since by nature hospitalization care is particularly expensive. Even though migratory workers may be entirely self-supporting in ordinary needs, they are rarely able to meet hospitalization costs and in cases of severe illness, frequently become a local charge.

DIRECT RELIEF AND THE NATIONAL-DEFENSE PROGRAM

Industrial expansion because of defense demands has served to attract a large number of workers to industrial areas: In most areas housing facilities have not been adequate to accommodate this additional labor supply and poor housing conditions have resulted, with attendant problems of sanitation and juvenile delinquency.

With increased employment accompnying the national-defense program, a number of young men with little or no training have been able to obtain employment at relatively high rates of pay. Such employment has induced many young men to marry and assume family responsibilities. Lacking seniority rights, these young men will be the first to be laid off when employment is curtailed and many will be forced to seek recourse to public relief. Observations indicate that many young men may have married to evade induction under the Selective Service Act, and it is feared that some of these marriages may be unsound and result in broken families with ultimately increased public relief problems.

Indications of some of the more important problems which exist in some of the specific defense areas are briefly mentioned as follows:

Muskegon County.—Housing facilities appear to be wholly inadequate. Of an employment increase of approximately 8,000 workers in the last year, 6,000 have come from areas outside Muskegon. A marked increase in the occupancy of trailer camps, basement dwellings, and shacks is also evident. A Federal housing project is expected to provide residence for approximately 300 families in the immediate future.

Washtenaw County.—A new bomber plant now under construction in Ypsilanti is expected to begin operations early in 1942 and employ in the neighborhood of 40,000 men. Ypsilanti officials feel that present school facilities will not be adequate to meet this increase of worker families. Owing to tax delinquency, it is probable that the township will be unable to borrow money for construction of new school buildings.

Oakland County.—The total number of persons employed in all industries in the city of Pontiac has increased by approximately 6,000 within the past year. One-half of this increase is believed to have come from direct relief and Work Projects Administration rolls. The presence of migratory workers has been more evident in the Royal Oak area than in the city of Pontiac. A serious housing shortage is already apparent. Within the past year rents have increased from 20 to 30 percent and relief officials are having difficulty in obtaining places of residence for relief clients.

Macomb County.—With two large plants being erected for defense manufacturing in the southern part of this county, an influx of industrial workers is already presenting serious problems. This is one of the defense areas, in which problems of poor housing, sanitation, delinquency, and inadequate school facilities are most serious, and in which the repercussions of reduced employment will be immediatey felt by relief officials.

Berrien County.—It is estimated by one of the members of the county social welfare board that $10,000 a year is spent in providing hospitalization and medical care to migratory workers. Additional expenditures are incurred by the county in transporting these people back to their place of legal settlement during periods of slack employment.

Wayne County.—The relationship of relief needs to industrial employment in Wayne County has already been pointed out in this report. The first impact of curtailed industrial activity will be felt here. The problems in this area are of such magnitude and complexity that time will not permit their coverage here. Reference is made to reports submitted by Wayne County and Detroit officials.

PROBABLE EFFECTS OF CURTAILED AUTOMOTIVE PRODUCTION

It has been estimated that an automotive cut of 50 percent would result in the unemployment of between 150,000 and 173,000 workers. This curtailment would probably necessitate the addition of 25,000 cases to the direct relief rolls by November, at an added monthly cost of $700,000. By January 1942, 80,000 or more of these workers would probably still be unemployed and would have exhausted their unemployment compensation benefits. These cases would constitute an additional potential public relief problem.

Any such increase in direct relief costs could not be financied by the present appropriations. The legislative appropriation for the fiscal year 1941–42 of $6,250,000 is $1,000,000 less than the amount expended by the State for direct relief purposes during 1940–41. The appropriation for the fiscal year 1942–43 is $5,750,000.

Should the State be required to finance 53 percent of the State's direct relief costs again in 1941–42, the legislative appropriation which is based on relief needs 16 percent below that of the preceding year, will be adequate to meet a program of $11,500,000 as compared with $13,662,667 expended during 1940–41. It is evident, therefore, that any increase in direct relief loads resulting from a protracted curtailment of production would necessitate additional funds being made available for relief purposes.

The ability of the State to provide funds for relief purposes to a large degree is contingent upon income derived from taxes applied to the retail sales of consumers' goods. Any marked decrease in industrial employment would unquestionably be reflected in the volume of retail trade with resultant reductions in sales tax revenue. Curtailment in the production of consumers' goods also will affect sales tax revenue to a considerable extent. It is possible the State legislature might be able to make an additional appropriation for relief purposes, but this will be dependent upon the State's financial position. It is feared that not only will the unemployed man be unable to purchase such articles as automobiles, refrigerators, and other consumer articles, but the earner of relatively high wages to some extent will find such articles unobtainable. Consequently, an additional portion of the State's sales tax revenue will be seriously curtailed.

The State may then find itself in a position in which it is confronted with a serious relief problem due to lay-offs in nondefense industries. The problem may be more serious by reason of reduced State income. As a consequence of this disruption of its economy, it is feared Michigan may be financially unable to meet this problem.

Since the ability of the various counties to provide funds for relief purposes is restricted because of limited revenue sources and the necessity of meeting other governmental expenses, it is improbable that county boards of supervisors would be able to raise sufficient additional funds to meet any appreciable increase in direct relief costs.

In view of the fact that the sources of revenue available to the Federal Government are so much more elastic than either those of the State or local units of government, it may be necessary that the Federal Government assist in financing relief expenditures arising out of activities essential to the national-defense program.

Exhibit 4—Categorical Assistance in Michigan

REPORT BY F. F. FAURI, SUPERVISOR, STATE BUREAU OF SOCIAL SECURITY, LANSING, MICH.

Old-age assistance, aid to dependent children, and aid to the blind—the public-assistance programs established under titles I, IV, and X, respectively, of the Social Security Act—are administered in Michigan by the State bureau of social security and county bureaus of social aid under the jurisdiction of the Michigan Social Welfare Commission pursuant to the provisions of act 280, P. A. 1939.

The following table sets forth State, Federal, and local funds available for assistance payments (not including administration and burial costs) on the three programs for the biennium ending June 30, 1943:

TABLE I.—*Funds available for assistance payments*

FISCAL YEAR 1941–42

Program	State	Federal [1]	Local [2]	Total
Old-age assistance	$9,636,000	$9,636,000		$19,272,000
Aid to dependent children	5,620,000	4,116,000	$976,000	10,712,000
Aid to the blind	200,000	200,000		400,000
Total, all programs	15,456,000	13,952,000	976,000	30,384,000

FISCAL YEAR 1942–43

Program	State	Federal [1]	Local [2]	Total
Old-age assistance	$10,200,000	$10,200,000		$20,400,000
Aid to dependent children	5,620,000	4,116,000	$976,000	10,712,000
Aid to the blind	200,000	200,000		400,000
Total, all programs	16,020,000	14,516,000	976,000	31,512,000

[1] Estimated.
[2] Estimate contributed by Wayne County Board of Supervisors.

OLD-AGE ASSISTANCE

For the fiscal year 1940–41 the Bureau of Social Security expended $15,822,200 in State and Federal funds for old-age assistance. The funds available for the present biennium show possible increased expenditures for old-age assistance of $3,449,800 for the fiscal year 1941–42 and of $4,577,800 for the fiscal year 1942–43 as compared to 1940–41. These increases were made available primarily to make possible more prompt approval of applications so as to avoid the long waiting period to which applicants had been subjected. In the early months of 1940 no application on file for less than 2 years could be approved for payment. The following table illustrates the changes that have occurred since July 1, 1940, with respect to pending applications and active caseloads:

TABLE II.—*Old-age assistance applications pending and number of recipients*

	Applications pending	Recipients
July 1940	32, 009	73, 778
January 1941	24, 631	78, 721
July 1941	7, 771	90, 382
August 1941	5, 508	91, 373

It was estimated that the increased funds made available for old-age assistance payments would permit the stabilizing of the caseload at approximately 95,000 cases during the present fiscal year with applications being approved for payment within 60 days of the date received. However, because of a continuing increase in the average monthly grant it may not be possible to proceed with a program of caring for all eligible applicants until additional funds are made available.

The following table indicates the increase in the average monthly grant since January 1, 1941:

TABLE III.—*Old-age assistance monthly average grant, January 1941 to September 1941*

	Recipients	Average grant	Increase per recipient
January 1941	78, 721	$16. 80	
February	79, 738	16. 85	$0. 05
March	81, 160	16. 90	. 05
April	82, 673	16. 98	. 08
May	85, 515	17. 06	. 08
June	88, 768	17. 13	. 07
July	90, 382	17. 27	. 14
August	91, 373	17. 40	. 13
September	91, 937	17. 54	. 14

Although the monthly average grant has increased since January 1941 it should be noted that the increase for the months of July, August, and September was substantially greater than during the previous 5 months. No new policies have been adopted which would cause the sharp increase in the average grant paid during the last 3 months. To date the Bureau has not revised food and clothing allowances to correspond with increased prices. Therefore the sharp increase in the average grant appears to be due to increased housing costs.

The current increase in housing costs being absorbed by the Bureau of Social Security becomes more apparent when we consider that although the average grant increased 14 cents in July and 13 cents in August only 10,281 cases were investigated in the former month and 10,489 cases were investigated during the latter month. (Number of cases investigated in September not available.) Each case investigated in the month of July resulted in increasing the average grant paid to investigated cases, $1.23. For the month of August this increase was $1.13 per investigated case. If the trend established during the last 3 months continues and increased housing costs are absorbed by the Bureau it will be impossible to care for all eligible applicants with the funds available for the biennium. When it is considered that costs of food, clothing, fuel, and other items of need are increasing and that such increased costs will have to be recognized in determining budgetary allowances, if standards are not to be lowered, the problem of caring for all eligible individuals becomes more acute.

AID TO THE BLIND

The conclusion set forth above is also applicable to the aid to the blind program, which provides aid to 1,308 needy blind individuals. The average monthly grant in this program is shown in the following table:

TABLE IV.—*Aid to blind monthly average grant, January 1941 to September 1941*

	Recipients	Average grant	Increase
January 1941	1,123	$23.51	
February	1,150	23.59	$0.08
March	1,181	23.75	.16
April	1,206	23.81	.06
May	1,221	23.91	.10
June	1,224	23.93	.02
July	1,251	23.98	.05
August	1,289	24.10	.12
September	1,308	24.36	.26

AID TO DEPENDENT CHILDREN

For the fiscal year 1940–41 the Bureau of Social Security expended $9,656,958 in State, Federal, and local funds for aid to dependent children. The funds available for the present biennium, i. e., $10,712,000 for each fiscal year, make possible an increase in expenditure of $1,055,042 for each fiscal year of the biennium when compared to the expenditures in 1940–41. These increases were made available to the Bureau primarily to eliminate the necessity of subjecting applicants to a waiting period.

The aid to dependent children grants, except in Wayne County, have not been issued on a minimum adequate standard because of the establishment of maximum grants in 1939 which are still controlling. These maximum grants were established to correspond to Federal allowances for dependent children except in one-child families and families of six or more children. The following table sets forth the maximum grants being paid in counties in the State other than Wayne:

TABLE V.—*Maximum aid to dependent children grants exclusive of Wayne County*

Number of children	Maximum grant		Total
	State share	Federal share	
1	$15	$9	$24
2	15	15	30
3	21	21	42
4	27	27	54
5	33	33	66
6 or over [1]			

[1] Maximum grant of $70 subject to increase with approval of State office.

The Wayne County Board of Supervisors is contributing approximately $81,000 per month which is matched with State aid to dependent children funds to make possible additional expenditure of approximately $162,000 per month to Wayne County recipients. The adequacy of the Wayne County grants as compared with those in the other 82 counties is shown by the following table:

TABLE VI.—*Comparison of aid to dependent children grants for month of September 1941*

Number of children	Wayne County			State exclusive of Wayne County		
	Number of families	Average per family	Average per child	Number of families	Average per family	Average per child
1	2,862	$42.75	$42.75	4,649	$21.25	$21.25
2	2,190	53.33	26.67	3,530	27.73	13.87
3	1,277	62.07	20.69	2,290	38.27	12.76
4	631	72.00	18.00	1,326	48.37	12.09
5	310	77.67	15.53	770	57.64	11.53
6	124	83.74	13.96	383	62.88	10.48
7	48	95.33	13.62	203	64.90	9.27
8	27	101.61	12.70	78	66.63	8.33
9	11	97.38	10.82	25	70.04	7.78
10	2	94.00	9.40	9	71.11	7.11
11				2	67.50	6.14
14				1	70.00	5.00
Total	7,482			13,266		

Aid to dependent children recipients are confronted with increased shelter costs in the same manner as old-age assistance and aid to the blind recipients. However, because of the aid to dependent children maximum grants in all counties, except Wayne, these increased costs are not fully reflected in the State-wide average monthly grant. (Wayne County average grant increased 34 cents per case in August and 15 cents per case in September.) The maximum grants do not meet the budgetary deficiencies of most of the cases. This is illustrated by the following comment made by the Administrative Review staff of the Social Security Board after conducting a review in Jackson, Genesse, and Saginaw Counties in the early months of 1941: "It is noted that the amount of payment in the aid to the blind and old-age assistance programs was closely related to need as established by the agency. Large deficits arose in the aid to dependent children program because the maximum payments imposed by regulation of the State agency do not allow for adequate assistance unless there is income in the home." The inadequate assistance provided aid to dependent children cases, as mentioned in the statement quoted above from the report of the Administrative Review staff, will become more inadequate if the present trend of increased living costs continues. Without additional funds being made available from State or Federal sources the inadequacy of the maximum grants will increase further the discrepancy between assistance payments and actual needs.

Exhibit 5.—Defense Housing in Michigan

REPORT BY THE DIVISION OF DEFENSE HOUSING COORDINATION, EXECUTIVE OFFICE OF THE PRESIDENT, WASHINGTON, D. C.

Defense activities in the greater Detroit area are spread out as far as 35 to 40 miles from downtown Detroit. Included in its commuting fringe are all of Wayne County as well as parts of Macomb, Oakland, and Washtenaw Counties. In addition to the Detroit-Highland Park-Hamtramck sector at the hub of the area, other important defense centers are Pontiac and Ypsilanti. Further examination of the labor, transportation, and housing characteristics of these two communities in relation to Detroit may lead to the treatment of the housing situation in these centers separately from that in Detroit. The Coordinator of Defense Housing has obtained as much information as is available in regard to the following factors:

1. Amount and type of prospective additions to the labor force.
2. The supply of suitable labor already resident in the area.
3. In the case of Army and Navy establishments the War or Navy Departments have provided information on the number of enlisted personnel who will be brought into the area and who will require dwellings for their families.
4. The supply of vacant dwellings.
5. The ability of private enterprise to provide dwellings.

11,000 DWELLING UNITS RECOMMENDED

In the defense-housing program for the Detroit locality, the Coordinator of Defense Housing has recommended that 11,000 dwelling units be built to accommodate the families of defense workers. Of these, the Coordinator has recommended that 10,000 be provided by private enterprise at rentals from $30 to $60 per month. This recommendation for private construction was not considered adequate for the entire need at the time it was issued, but the rapid development of unemployment as a result of automobile production curtailment and material shortages have warranted a reexamination of the situation. Such a study is under way at the present time. The financing provisions of title VI of the National Housing Act are available in Detroit, Pontiac, and Ypsilanti and will assist private builders in their effort to meet a large part of the defense housing need in the area. The remaining 1,000 units to be constructed by the Federal Works Agency have been divided into a number of projects. It has been recommended that 200 dwelling units for colored workers in industrial defense employment be constructed at Detroit to rent for $20 to $30 a month. It has been recommended that 500 dwelling units for workers employed in defense industry be constructed at Centerline in Macomb County, north of Detroit, to rent for $20 to $35 per month. The construction of 300 units to rent for $20 to $30 per month has been recommended for workers in defense industry living at Wayne, west of Detroit. In addition to the housing program for industrial defense workers, upon the recommendation of the War Department, the Coordinator has programmed 130 dwelling units at Mount Clemens for enlisted personnel of the Army air base at Selfridge Field; construction on this project is complete and occupany is nearly complete.

The defense activities which make this program of housing in the greater Detroit area necessary consist of about $860,000,000 of prime defense contracts.

Of this amount, about $350,000,000 is for airplanes, engine parts, and equipment. Other important products of this area for national defense are tanks, trucks, ammunition, and machine guns. The largest defense plant in the greater Detroit area is the Ford bomber plant now under construction on Ecorse Road east of Ypsilanti; ultimately the plant may employ as many as 75,000 workers. At Pontiac, General Motors is manufacturing military trucks on a large scale; and in Warren Township just north of Detroit, the Chrysler Corporation is establishing a new tank plant. At Dearborn and in the Detroit-Highland Park-Hamtramck sector, established plants and new plants are being used to produce a variety of defense products.

The employment situation in Detroit has become somewhat confused by the rapid development of unemployment resulting from the automobile curtailment. This factor has caused a rapid scaling down of original estimates of a very heavy in-migration. Only a few months ago it appeared from surveys made by the Bureau of Employment Security and other governmental agencies that a shortage of 83,000 workers in the greater Detroit area would have to be met by in-migration. It now appears, however, that at least a substantial proportion of this need can be met locally from among the rapidly growing number of automobile workers to be released through priority unemployment. While no definite figure can be stated, the number of in-migrants to be needed in Detroit is but a small fraction of the apparent need a few months ago. However, the allotment of additional defense contracts might cause a rapid change in the picture during 1942.

In the Detroit housing market area, which has been defined by the Federal Housing Administration to include all the greater Detroit area except that part around Mount Clemens, Pontiac, Plymouth, and Ypsilanti, there were 606,000 dwelling units on July 1, 1941. Of these about 12,000 or roughly 2 percent were vacant. In Pontiac, according to a special study of the Work Projects Administration, the percentage of vacant dwelling units had fallen to 1.6 as early as February 1941. Ypsilanti is such a small town compared to the magnitude of the Ford bomber plant which is being erected there that vacancies are already nonexistent.

HOME REGISTRATION OFFICES

Homes registration offices are already operating in Detroit and Pontiac and one is being organized in Ypsilanti. They will serve to provide in-migrant defense workers with knowledge of available vacancies within their means.

The Bureau of Labor Statistics index of rents in Detroit rose from 67.6 in December 1933 (1935–39 equals 100.0) to 114.8 in December 1937; but fell back to 109.6 in September 1938. Since that time the index has remained relatively stable. In July 1941 the index was 112.1. Since the beginning of the defense emergency, rent levels have been relatively stable in all rent classes from the lowest to the highest studied by the Bureau of Labor Statistics. Local experts say that new tenants are asked to pay $2.50 to $5 more than their predecessors, but that rents are not being raised on present tenants. A special study of rents in Pontiac by the Bureau of Labor Statistics indicates that between October 1939 and April 1941 an increase of 7.0 percent in the total rent bill was effected. This resulted from an average increase of 16.1 percent in the rentals paid on 50 percent of the rented dwellings; rents remained unchanged or decreased for the other half of the rented dwellings. The increase was most severe, both in amount and in extent, for the lowest-rent brackets.

The Federal Housing Administration estimates that approximately 23,000 dwelling units were provided in the Detroit housing market area between April 1, 1940, and April 1, 1941. It has been estimated that on the basis of the present rate of construction in the area as many as 30,000 or 35,000 dwelling units would be constructed between April 1, 1941, and April 1, 1942. However, it is quite likely that the current shortage of building materials and the need for defense housing priorities will substantially reduce this estimated volume of construction.

In the area discussed above, as elsewhere throughout the country, the defense-housing program is necessarily flexible and subject to change in accordance with changes in the nature and direction of the defense program as a whole. Further expansion of defense industry beyond that now anticipated, or more rapid exhaustion of resident labor supplies than is believed likely, would necessitate revision of the housing program. This is particularly true in cities such as Detroit where the complexity of the industrial organization and of the residential areas makes the labor and housing analysis very difficult. Continuing reinvestigation of these areas and especially of Detroit is therefore regularly carried on, so that changes in the local housing requirements may be met by corresponding changes in the programs for defense housing.

EXHIBIT 6.—PROBLEM OF SCHOOL HOUSING IN MICHIGAN

REPORT BY EUGENE B. ELLIOTT, SUPERINTENDENT, STATE OF MICHIGAN DEPARTMENT OF PUBLIC INSTRUCTION, LANSING, MICH.

SEPTEMBER 12, 1941.

The problem of school housing in Michigan goes back to the adoption of the 15-mill tax limitation by constitutional provision effective December 8, 1932. Since that time State, county, township, and school district taxes may not exceed 15 mills. A subsequent Supreme Court decision relative to the effective date of the constitutional provision excluded city governments unless they, by a vote of the people, chose to come within the provisions of the 15-mill limitation. To date 11 cities have voted favorably to include themselves within the 15-mill limitation. To escape from the provisions of this limitation requires two-thirds vote of the people and then may be for a 5-year period only. At the time of the adoption of this amendment the State-wide indebtedness was approximately $175,000,000. Most of it was for public enterprises in the crowded areas. Even today many of these areas are further limited in their taxing ability by debt limits.

Because of the difficulty of further increasing their indebtedness the school-housing problem has become increasingly difficult. The problem has been accentuated by the fact that we have many small districts which are unable to provide satisfactory housing even though they secure a two-thirds majority vote to do so. There are more than 6,000 school districts in the State. The highly decentralized system has resulted in many small and inefficient high schools.

The problems of the Upper Peninsula are not quite as acute since school districts have very generally reorganized into larger units although the tax limitations limit their ability to provide satisfactory programs without assistance from the State.

To meet the problem of current operation the State has been providing increased funds each year since the adoption of the limitation until at the present time nearly $45,000,000 is provided. This represents approximately 50 percent of the total school-operating costs.

School districts already threatened with acute housing problems have been greatly worried over the placement of many defense projects. The critical areas include the territory about Battle Creek, Muskegon, the Chrysler Tank Plant in Macomb County, Saginaw, Flint, Detroit, and Ypsilanti. A rapid survey indicates school enrollments in the immediate areas of these defense projects to be increased approximately 10 percent, although State-wide data indicates a general leveling off at about 1,400,000 children between the ages of 5–19, inclusive. Under our State-aid policy the State will grant increased aid to growing districts. However, the funds will not be available until the following year.

The real need is for housing facilities. We have felt that as far as possible and consistent with good policy, funds should be provided so as to encourage sound reorganization of small districts. This reorganization should come in such a way that as far as possible the districts will become self-supporting. It was our opinion that if a Federal board was so organized, that our office could work with it in a consulting capacity which would materially improve he possibility of securing sound reorganization.

We have greatly appreciated the splendid cooperation which we have already had from Federal officials.

EXHIBIT 7.—TRAINING-WITHIN-INDUSTRY IN MICHIGAN

REPORT BY MILTON M. OLANDER, DISTRICT REPRESENTATIVE; O. F. CARPENTER, ASSOCIATE DISTRICT REPRESENTATIVE; CARL D. WHEATON, ASSISTANT DISTRICT REPRESENTATIVE, DISTRICT NO. 13, MICHIGAN AND LUCAS COUNTY, OHIO; TRAINING-WITHIN-INDUSTRY BRANCH, LABOR DIVISION, OFFICE OF PRODUCTION MANAGEMENT

District No. 13, Training-Within-Industry, Labor Division, Office of Production Management, comprising the State of Michigan and Lucas County in Ohio, is one of the 22 areas into which the United States has been divided.

The functions of these districts is to administer training-within-industry information, set up training programs, advise on general training practices already set up, and promote the training idea in our national-defense plants. Detroit is a particularly vital spot because of its concentrated automotive industries which are being converted to the manufacture of defense materials. Another phase of this problem is that this area has not been especially active in the manufacture of aircraft, and since the defense program has been in effect large numbers of planes of various types are to be built here. This necessitates two factors: First, men must be trained for this new work; second, men must be brought to this area to fill these jobs.

Before going into the various phases of this paper, it might be well to view the set-up of District No. 13, Training-Within-Industry, Labor Division, Office of Production Management, from an organizational point of view. In order to facilitate the reading of this, perhaps, a chart will suffice.

OFFICE OF PRODUCTION MANAGEMENT

Labor Division

TRAINING-WITHIN-INDUSTRY BRANCH

C. R. Dooley, Director; Walter Dietz, Associate Director. Headquarters at Washington, headquarters staff.

DISTRICT NO. 13, STAFF, MICHIGAN AND LUCAS COUNTY, OHIO

M. M. Olander, district representative.
O. F. Carpenter, associate district representative.
Carl D. Wheaton, assistant district representative.
Doris M. Cochran, stenographer-clerk.
Eva L. Jackson, stenographer-clerk.

DISTRICT NO. 13, ADVISERS, MICHIGAN AND LUCAS COUNTY, OHIO

Willis H. Hall, manager, industrial division, Detroit Board of Commerce.
John Reid, secretary, Michigan State Federation of Labor.
Walter Reuther, regional director, United Automobile Workers of America.
Frank Rising, general manager, Automotive Parts & Equipment Manufacturers.

DISTRICT NO. 13, DETROIT CONSULTANTS, MICHIGAN AND LUCAS COUNTY, OHIO

Earl Bedell, Director of Vocational Education, Board of Education.
Chester A. Cahn, secretary, Automotive Tool & Die Manufacturers.
Edward L. Cushman, Chief of Occupational Adjustment Service, Michigan Unemployment Compensation Commission.
Cy Newcomb, manager, Central Placement Office, Michigan State Employment Service.
W. E. Stirton, director, Vocational Education Program for National Defense.
John Wagner, district director, National Youth Administration.

DISTRICT NO. 13, DETROIT PANEL MEMBERS, MICHIGAN AND LUCAS COUNTY, OHIO

John M. Amiss, director of industrial education, Chrysler Corporation.
Carl S. Carlson, international representative, International Association of Machinists.
M. A. Clark, manager, industrial and public relations, United States Rubber Co.
Foster L. Fralick, vice president and general manager, Koestlin Tool & Die Corporation.
James K. Fulks, factory manager, Ex-Cell-O Corporation.
Albert Goodwin, educational director, Murray Corporation of America.
Inez Hooper, secretary, operations committee, Chrysler Corporation.
Violet Merrill, employment secretary, Young Women's Christian Association.
George W. Miller, defense coordinator, United Automobile Workers of America.
H. W. Roberts, educational director, Fisher Body Division, General Motors Corporation.
H. J. Roesch, director of industrial relations, Briggs Manufacturing Co.
Thomas P. Ross, Federal Committee on Apprenticeship.
F. E. Searle, superintendent, Henry Ford Trade School.
Mattiegrace Sharpe, assistant employment manager, the Detroit Edison Co.
Albert Sobey, director, General Motors Institute.
Wayne Stettbacher, director of apprentice training, Employers Association of Detroit.
Blair K. Swartz, supervisor of personnel research, the Detroit Edison Co.
Ruth Trowbridge, supervisor of supervisors, Ternstedt Manufacturing Co.
Robert G. Waldron, personnel director, Hudson Motor Car Co.
Clarence E. Weiss, industrial relations manager, Packard Motor Car Co.

DISTRICT NO. 11, TOLEDO PANEL MEMBERS, MICHIGAN AND LUCAS COUNTY, OHIO

C. T. Black, Libbey Glass Co.
E. J. Bodette, Ohio State Employment Service.
F. M. Dannenfelser, Vocational High School.

A. M. Degner, Surface Combustion Corporation.
J. M. Froehlich, Toledo Central Labor Union.
Stanley Grove, Chamber of Commerce.
B. A. Hart, Ohio Bell Telephone Co.
Fred Hoeft, Doehler Die Casting Co.
John Jones, Spicer Manufacturing Corporation.
Claude Pound, Electric Auto-Lite Co.
F. J. Sanders, Standard Oil Co.
O. C. Schultz, National Supply Co.
I. P. Smith, Hettrick Manufacturing Co.
J. C. W. Smith, Willys-Overland Motors, Inc.
Clifford L. Wade, apprentice field representative.
H. J. Weyrich, DeVilbiss Co.

The objectives of the organization in this District are training-on-the job of personnel to cover these three classifications: 1. Production workers (machine operators); 2. Supervision (foremen, etc.); 3. Skilled men (apprentices), and to aid in all matters pertaining to labor supply.

The entire organization is calculated to enhance defense-production schedules by assisting in the development of skilled workmen through training. Panel members are given definite plants to survey and make recommendations in training programs. The advisers, two from labor and two from management, are used to steer the policies of the district office. If these policies come from Washington, they assist in the interpretation of them. The consultants are called on for information of various types as indicated by their titles. This office does not necessarily stop with these persons listed as consultants if it feels that the information might be secured from unlisted governmental agencies.

In an area like Detroit, there are many plants that have had training policies and programs established for years past. These plants can enrich the field of ideas handed down by the headquarters office in the training-within-industry bulletins. This is one reason why many men and women are selected from large industries. Another reason is that these people are able to work out programs for smaller companies due to their previous success and experience.

The district office is able to bring to the attention of defense contractors the availability of manpower needs, governmental agencies, such as the vocational education program for national defense, Civilian Conservation Corps, Work Projects Administration, National Youth Administration, the State Employment Service, and other relationships that might aid in their training program.

The discussion of the various types of skilled and semiskilled classifications is best stated by using generalities. Tool makers are tool makers whether in defense work or nondefense work. Materials produced on screw machines, lathes, milling machines, etc., do not change very much in the defense field from what they were in the nondefense field. The main changes probably lie in the assembly of aircraft, the whole field of riveting, and in some of the welding. The problem of conversion in the fields of machine tools is one thing and the training of new workers in the aircraft field is another. The larger plants in this area are tackling this conversion training program on their own initiative in anticipation of the reduction of automobile production and the building up of airplane production. Due to the fact that the technological developments in the automotive field have covered many years, the switching to airplane production presents a sudden specific series of problems. Inasmuch as it is impossible to import employees for airplane construction, training programs necessarily become vitally important.

The local training-within-industry office was set up early in February 1941 under the direction of a district representative, associate district representative, assistant district representative and one stenographer-clerk. A short time later another stenographer-clerk was added. Lists of manufacturers had to be built up. Manpower was not in its cramped position as it is today. Facilities wih which to acquaint contractors had to be worked out. A local panel with advisers and consultants had to be selected. All of these details took time. Much discussion arose as to how this office could best contact local defense contractors.

At one of the early panel meetings, the material listed in the training-within-industry bulletins and the experiences of many of the panel men were broken down into a series of charts. These charts are titled as follows:

I. The training-within-industry organization and program:
    A. Preemployment and supplementary training program for national-defense industries carried out by the vocational-education program for national defense.
II. General analysis of training problem in national-defense industries.

III. The company's training problem:
    Aid:
        Check questions.
        General plan for plant sheet.
IV. Induction of new workers:
    Aid:
        Sample induction outline.
        Induction procedure outline.
V. Training of trainers or job trainers:
    Aid:
        (*a*) Job requirement chart.
        (*b*) Training record.
        (*c*) Reminder sheet.
        (*d*) Instructor's planning sheet.
VI. Developing supervision:
    Aid: Starting supervisory training.
VII. Trade apprenticeship:
    Aid: Trade apprenticeship.
VIII. Sources of new employees:
    Aid:
        Defense employers.
        Local sources of employees.
IX. Summary and discussion:
    Aid: Developing your manpower needs.

These were used in the following manner: A series of three weekly meetings were scheduled to which about 50 defense contractors had been invited. Our experience has been that about three-fifths of these people came to the meetings. The first night was devoted to the first three sections of chart material including such discussion and questions as might arise. The second meeting was devoted to the next three sections of the chart material; and the third meeting, the last three sections of the chart material. Those presentations were given by members of the local staff and panel men who were best suited for this work. Some 250 invitations have been sent out to date with approximately 175 responses to the invitations. In addition to these conferences, there has been in the neighborhood of 100 contacts made otherwise. The local panel feels that the conference method is a speedy and successful way of acquainting plants with the program and working out training problems. As to the exact number of men this program has reached, we can only guess, because many of those ideas on training have been received and introduced into the plants of defense contractors, and no reply has ever been obtained as to how many men were reached. There are representatives of all the agencies and plants at all sessions including National Youth Administration, Work Projects Administration, State Employment Service and Federal Committee on Apprenticeship. Representatives from the Defense Contracts Service and Priorities Division of the Office of Production Management are asked to attend for special occasions where they can be of assistance. After these sessions are completed a careful follow-up is made to ascertain if further assistance is needed, and where requests are made, a personal survey is conducted to assist in establishment of personnel standards and to check on the efficiency of the entire program of training-within-industry within the organization.

This district has long had a large number of employers who have been training-conscious, and many of the best in-plant training plans are in operation at all times. These firms have given liberally of the training experts' time to further the training-within-industry program.

In normal times the area included in district No. 13 builds transportation units, power plants and precision parts, as well as many other articles in metal. Under the present emergency, adjustment to meet the new demands has been made without throwing the organization out of gear.

Obviously, building tanks, aircraft, and ordnance is quite different from building automobiles. It was discovered early that aircraft production required a specific training in order to produce men who could build aircraft assemblies to meet Army and Navy specifications.

There is also a definite relation between the training-within-industry office and the vocational education for national defense office. Sometimes training problems are carried on out of the plant and sometimes in the plant, but the plan of this program has been the result of cooperation between the two offices. The data submitted by some of the other informants may be useful in arriving at this figure.

The proposed automobile curtailment will affect this office as our facilities will be in greater demand due to the additional training necessary to complete the conversion. Many of the skills used in automobile construction can be quickly converted into defense construction as has been stated before. There are many remaining skills in which training programs must be made available.

The cooperation we are receiving from both management and labor is very good. Our advisory group, which has been explained and presented previously, has given us their best in cooperation. We not only call them together for discussion, but we feel free to call them on the telephone at any time when a problem arises that we think demands their attention.

This office feels that training-within-industry is playing a definite part in the defense program in Michigan and Lucas County, Ohio. If nothing further is done than to make the industries of this area training-conscious, a much-needed job has been accomplished.

Before the cut in automobile production became effective, it was estimated that the Detroit area alone would require by June 1, 1942, approximately 200,000 men in addition to those on the pay roll June 1, 1941, in order to carry through the projected program of defense material. At present it appears that with a 20 to 30 percent reduction soon, and a 50 percent ultimate reduction in automotive production, from 60,000 to 90,000 men may be released to go into defense production, and a large part of these will be retrained to do the job in a comparatively short time. This would leave approximately 100,000 to be trained, who have had little or no experience in the metal working trades.

The classification of jobs required for normal production in the area might be briefly stated as follows in order of their numbers:

(1) Assemblers.
(2) Machine operators.
(3) Service and maintenance.
(4) Tool makers.
(5) Die makers (model makers and pattern makers).
(6) Designers, engineers, and draftsmen.

Under the defense program there should be a reduction in (1) and an increase in most of the other groups which might reclassify thus:

(1) Operators (hand tools, welders, riveters, and single-purpose machines).
(2) Assemblers.
(3) Die makers.
(4) Tool makers.
(5) Service and maintenance.
(6) Designers, engineers, and draftsmen.

The difference in requirements of the two jobs of normal and defense production might be stated thus, in defense production the limits of tolerances and inspection are stepped up and more rigid, although, in the production of automobiles and automobile parts, these are held very closely, and the tightening up will be a lesser problem.

The main difficulty will be the training of assemblers to do machine operation and to provide enough skilled men to produce the tools, jigs and fixtures, dies and gages, and to make designs to keep up with engineering and specification changes.

Training welders and riveters to build aircraft, and inspectors for parts and equipment in addition to the above, together with supervisors and foremen about completes the picture. Of course, in addition, the apprentice program must be carried on and augmented. Trainers must be trained, and all of the factors which go to make up a balanced production schedule to meet and beat contract dates must be maintained.

The only problem that faces the training within industry organization in district No. 13 is the magnitude of the program and the progress which is being made in developing new subcontractors. There is no problem of selling this idea except to get to the contractors which number 12,500 now and are ever on the increase.

There is a complete understanding between training-within-industry and all the agencies, especially the State board of control for vocational education and the local vocational offices.

Contacts are made where the vocational education training for defense program can step in and provide instructors for both preemployment and supplementary groups. Labor and management in the area are cooperating 100 percent as far as the training programs are concerned.

The success of the training-within-industry program to date indicates that there is a need for a permanent organization of this type which would function in normal times stressing training and acting as a liaison office between existing agencies. The labor supply and its adjustment to meet the variations of the economic world of the future indicates a need for just this type of organization.

Exhibit 8.—Program of Vocational Training for Defense Workers in Michigan

REPORT BY GEORGE H. FERN, DIRECTOR, MICHIGAN STATE BOARD OF CONTROL FOR VOCATIONAL EDUCATION, LANSING, MICH.

On July 1, 1940, the Michigan State Board of Control for Vocational Education submitted to the United States Office of Education, Federal Security Agency, the first State plan for vocational training of defense workers. The purpose of this plan was to provide a cooperative relationship with the United States Government, through the Office of Education, for the establishment and operation of vocational education programs to supply trained workers for industries essential to the national defense. The plan was also for the purpose of establishing an administrative organization and procedure for the expenditure of funds appropriated by the United States Congress for this program.

On July 8, the State director was notified by telegram that the Michigan plan had been approved, and the first training program in Michigan was in operation that night in the Flint public schools.

Subsequently two separate, additional State plans were drawn up, submitted to the United States Office of Education, approved and put into operation in Michigan. One provided for the training of out-of-school rural and nonrural youth, and the other for vocational training of youth employed on National Youth Administration work projects.

FEDERAL APPROPRIATIONS

The Federal Government allocated $1,942,253.83 to Michigan for the operations of plan 1 training programs; $216,852 for plan 2 (out-of-school rural and nonrural youth) training programs; and $276,000 for plan 3 (vocational training of youth employed on National Youth Administration work projects) training programs. Provision was made also for necessary equipment. There was no matching of these funds by State or local funds.

EXTENT OF THE TRAINING

The United States Office of Education and the State boards for vocational education in the several States assumed the responsibility for training 1,000,000 men during the year July 1, 1940, to June 30, 1941. One million five hundred thousand men were trained during that period, within the operating budgets prescribed by Congress. In Michigan approximately 75,000 men were trained for jobs within the industries essential to or related to the national defense during the first year of the program for vocational training for defense workers.

ADMINISTRATION OF THE PROGRAM

The vocational education program for national defense was developed and administered by the State board of control for vocational education through the staff of this board, with the director of the State board responsible for the program. The training courses described in plan 1—preemployment refresher training and supplementary training—were administered through the trade and industrial education division of the State board. Courses operating under the provisions of plan 2 were administered through the agricultural education division of the State board; courses operating under plan 3 were administered by the trade and industrial education division, the business education division, or the homemaking education division, according to the nature of the instruction.

While the State board utilized the supervisory staff of these divisions in inaugurating the program, it was soon necessary to employ additional State supervisory and other personnel in order to efficiently carry out the provisions of the State plan. The qualifications and duties of the State supervisory staff were outlined in the State plans, and were in accordance with qualifications and duties prescribed for the State supervisory staff in the general program of vocational education. (See Bull. 201, Michigan State Board of Control for Vocational Education.) The State supervisory staff for national defense training programs was charged with the additional duty of assisting in preparation of local plans; assisting in organizing local representative advisory committees when necessary; recommending to the State director the approval of local statistical and financial reports; recommending for approval the qualifications of local supervisors and teachers; exercising supervision over the program of vocational training for defense workers; cooperating with the State and local employment services; and supervising the improvement of teachers. The accompanying administrative chart shows the State administrative organization.

REPRESENTATIVE ADVISORY COMMITTEES

Each State plan, as described herein, operated with the advice and council of a State representative advisory committee, appointed by the director. Members of these committees were representative of employers, organized labor, education, and such other agencies as are vitally concerned with the program of vocational education for defense workers. Members of these committees rendered service without cost, other than approved travel allowances necessary for attending meetings called by the State director. These committees counseled with staff members on matters pertaining to the organization, promotion, technical details, and improvement of programs operated under their respective plans. Members of the State representative advisory committee for plan 1 were as follows:

Chairman.—George H. Fern, director, State board of control for vocational education.

Employers.—Harry J. Kelley, American Seating Co., Grand Rapids; George Julian, Olds Motor Works, Lansing; Henry J. Roesch, Briggs Manufacturing Co., Detroit; and William J. Cronin, Michigan Auto Manufacturers Association, Detroit.

Labor.—John Reid, secretary, Michigan Federation of Labor, Lansing; August Scholle, regional director, Congress of Industrial Organizations, 803 Hofmann Building, Detroit; George Grosser, Michigan Federation of Labor, Kalamazoo; George W. Dean, Michigan Federation of Labor, Lansing; Ben Probe, executive secretary, State Industrial Union Council, 803 Hofmann Building, Detroit; and Tracy Doll, president of the Wayne County Union Council, 803 Hofmann Building, Detroit.

School.—Earl L. Bedell, director of vocational education, 1354 Broadway, Detroit; Chester F. Miller, superintendent of schools, Saginaw; and F. W. Dalton, chief, trade and industrial education division, Lansing.

State department of labor and industry.—John Gibson, commissioner of labor, department of labor and industry, Lansing.

National Youth Administration.—Orin Kaye, State director, National Youth Administration, Lansing.

Michigan State Employment Service.—Edward L. Cushman, chief of special services, Michigan State Employment Service, 14320 Woodward, Detroit.

Work Projects Administration.—Abner Larned, State director, Work Projects Administration, Lansing.

Civilian Conservation Corps.—Sam Hill, Civilian Conservation Corps, Ludington Camp, Walhalla, Ludington.

Negro.—Lewis C. Blount, vice president and secretary, the Great Lakes Mutual Insurance Co., 301 E. Warren, Detroit.

Members of the State representative advisory committee for plan 2 were as follows: W. G. Armstrong, master, Michigan State Grange; R. J. Baldwin, director, extension department, Michigan State College; C. L. Brody, secretary, Michigan State Farm Bureau; Edward L. Cushman, chief of special services; George Grosser, Michigan Federation of Labor; R. V. Hanchett, Hanchett Manufacturing Co.; Sam Hill, Camp Walhalla, Civilian Conservation Corps; Charles King, factory manager, Clark Equipment Co.; S. P. Martin, president, Farmers Union; and Ben Probe, executive secretary, State Industrial Union Council.

The State representative advisory committee for plan 1 served as the State representative advisory committee for plan 3.

The State plans specified that each local community should organize a representative advisory committee composed of representatives of employers, organized labor, education, and such other agencies as are definitely concerned with the training program. These local committees were limited in their functions to counseling and advising with the school officials in other than supervisory or administrative matters. They assisted in determining the occupations or jobs for which training should ge given; determining the number of persons to be trained; assisting in selection of trainees; helping to determine the length of training periods; developing, with school officials, the content of courses; and assisting in placement of students, although this was the responsibility of the Michigan State Employment Service.

SUPERVISION AND CONTROL

State plans specified that all instructional programs of vocational education for defense workers should be under public supervision and control, and that all programs confered by these plans should be of less than college grade, as defined in the United States Office of Education policies. No boundary lines of public-school jurisdiction were observed in making defense-training courses available to trainees.

QUALIFICATIONS OF TEACHERS

Teachers qualified under the provisions of the Michigan State plan for vocational education (Bulletin 201) were eligible for teaching positions in the national-defense program. All teachers were required to meet the standards for either shop or related subject teachers, and to be certified by the State board of control for vocational education. Provisions were made for improvement of instruction, and for in-service teacher training. Such training conferences were called by the State director and were under the supervision of the division concerned with the training program involved.

SELECTION OF TRAINEES

In the selection of persons for training, the Michigan State Employment Service, the Works Projects Administration, and the National Yough Administration were accredited referral agencies, except for the supplementary training courses under plan 1. Trainees for these courses were referred to the school by their employers and labor organization. Local communities were encouraged also to make the training program known through all other media at their command. Newspaper articles, radio broadcasts, school and organizational publications, club news letters, churches, civic groups, etc., were all asked to cooperate in making the training program generally known. The State board of control for vocational education assisted local communities, as far as possible, in advertising the availability of national-defense training courses.

It was mandatory that prospective trainees should register with the Michigan State Employment Service, if they were not already registered.

To enter plan 1 training courses, trainees were required to be 18 years of age; plan 2 and plan 3 trainees were restricted to the ages of 17 to 24, inclusive.

Selection of trainees was made the responsibility of the local school officials. Only those who were physically and mentally capable of benefiting from the training, and capable of satisfactorily filling jobs within the defense industries, eligible. Representative advisory committees were charged with the responsibility of working with school officials in interviewing and selecting trainees, and instructors were asked to be constantly on the alert to determine whether students were profiting by the instruction given, and could be adjusted to employment. Students were dropped if it was ascertained that they could not be fitted for employment, and their places filled by other trainees, requisitioned from the accepted referral agencies.

Local school authorities, with the help of representative advisory committees and assistance of the State board of control for vocational education, were instructed to provide a vocational guidance service and tests to determine the student's ability to profit by the instruction given, in accordance with the employment standards of the occupations concerned.

NO SEX OR RACIAL DISCRIMINATION ALLOWED

It was written into the State plans that "no trainee under the foregoing appropriations shall be discriminated against because of sex, race, or color; and where separate schools are required by law for separate population groups, to the extent needed for trainees of each such group, equitable provision shall be made for facilities and training of like quality.

TYPES OF COURSES

Two types of instruction were given in practically all national-defense training courses—shop work and related instruction. Both were of intensely practical nature, and instructors were required to have had actual trade experience, unless they were giving certain related instructional courses. The instruction was organized and conducted on a short, intensified unit basis, designed to fit trainees for specific pay-roll jobs, in accordance with standard practices. No tuition, laboratory, or registration fees of any kind were charged.

PROVISIONS FOR PLAN 1 COURSES

Training for national defense was seen in the initial planning as essential on two main levels. Men already employed should be up-graded and enabled to advance to more important work within their present employing organizations. For these, supplementary courses were provided. Unemployed men would require training, or retraining in cases where through long periods of unemployment they had lost their skills and abilities, and their knowledge of modern methods and technological processes. For these two groups of unemployed, a preemployment refresher type of instruction was developed.

SUPPLEMENTARY COURSES

The State board of control for vocational education was authorized to use Federal funds appropriated for vocational education for defense workers to pay in full, either directly or through reimbursement, the cost of operating courses in local communities which were definitely supplementary to employment. These courses were conducted in the local communities as evening and part-time trade extension classes for persons employed in industries essential to national defense. Classes were conducted for any length or period of time necessary to meet the needs of the workers in the industries concerned, and could be conducted at any time during the 24 hours of the day.

PREEMPLOYMENT REFRESHER COURSES

These courses were conducted under the same administrative policy as supplementary courses. They were organized for individuals who needed training before they could qualify for employment. Such courses were also held at any time during the day or night, and for periods varying from 6 to 8 hours in length per day, for any period of weeks necessary to prepare persons for specific pay-roll jobs. The usual length of such courses was 10 to 12 weeks.

PROVISIONS FOR PLAN 2 COURSES

During the first year of national-defense training, two types of instruction were possible under plan 2, general preemployment courses and specific preemployment preparatory. The controlling purpose was to provide courses designed to meet the needs of out-of-school rural and nonrural youth, which would serve as basic vocational instruction to increase their employability as defense workers. Specific preemployment preparatory courses were designed to prepare these youth for employment for specific jobs in the occupations essential to the national defense.

GENERAL PREEMPLOYMENT COURSES

General preemployment courses were organized in the following areas: (1) Operation, care, and repair of tractors, trucks, and automobiles including both gas and Diesel engines; (2) metal work including simple welds, tempering, drilling, shaping, and machinery repair; (3) woodworking; and (4) elementary electricity, including operation, care, and repair of electrical equipment.

SPECIFIC PREEMPLOYMENT PREPARATORY COURSES

Specific preemployment preparatory courses were organized in the following areas: (1) Riveting; (2) welding; (3) machine shop jobs, such as lathe work, drill press operation, bench work; (4) aircraft sheet metal work; and (5) radio service and repair.

Plan 2 courses, as all others, could be organized at any time during the 24 hours of the day whenever facilities were available. No course could be approved for less than 15 clock-hours of instruction except in the case of courses for Civilian Conservation Corps enrollees who were considered "rural youth." In the case of Civilian Conservation Corps enrollees, courses could not be approved for less than 8 clock-hours of instruction per week, and these courses were limited to Civilian Conservation Corps enrollees only. Specific preemployment preparatory courses could not be operated for less than a minimum of 30 clock-hours per week, or for less than 8 weeks in length. Courses could be organized for National Youth Administration project workers provided the instruction was offered for not less than 15 clock-hours per week and the course was at least 8 weeks in length.

It was contemplated that at least 75 percent of all youths enrolled in plan 2 courses should be bona fide rural youth and that this percentage should not be allowed to drop below 65 percent.

PROVISIONS OF PLAN 3 COURSES

The controlling purpose of vocational education courses for youth employed on National Youth Administration work projects was to provide training courses and related or other necessary instruction which would serve to increase the employability of these youths as defense workers. Courses offered under this plan were to provide instruction in preparation for, or related to, the production of equipment and supplies needed for defense, and also instruction related to or in preparation for services which provide for the food, clothing, shelter, and morale of the worker. The director of the State board of control for vocational education conferred with the State administrator of the National Youth Administration on the program of work projects including the nature and location of the projects, as they related to the instructional program. The State board of control for vocational education was made responsible for the control and supervision of all training or additional programs for youth employed by the National Youth Administration on work projects. In cases where it was impossible for the instruction and the work which these people were doing on the project to be correlated, every effort was made to vitalize instruction in terms of the abilities, needs, and interests of these trainees. The following types of courses were operative under this plan: (1) Courses organized to give extension training supplementary to the work experience provided by the National Youth Administration work project; (2) courses organized to give preparatory training as an aid in the occupational adjustment of National Youth Administration workers; and (3) other necessary instruction designed to enlarge the civic or vocational intelligence of young people employed on National Youth Administration work projects.

Only young people employed by the National Youth Administration on work projects were eligible for enrollment in these courses. The minimum enrollment was established as 10 and the minimum clock-hours for workers on resident work projects was 15 hours per week. For workers on nonresident work projects the number of hours of training per week was determined by the needs or interests of the group to be served, but in no case, less than 8 hours per week.

RECOGNITION OF TRAINING

All persons who completed satisfactorily one or more units of instruction were entitled to receive vocational training record cards signed by the proper school officials. These cards certified the units or courses of instruction completed. Approved record cards were available from the United States Office of Education to the State board of control for vocational education, and through the State board to the local schools.

PLACEMENT

Upon completion of a course, the local school provided the Michigan State Employment Service with a complete list of trainees who had satisfactorily completed the courses, including information concerning the skills acquired by each trainee, for the use of the employment office in placing these trainees on jobs in the defense industries. Placement was the responsibility of the Michigan State Employment Office, and the placement records of the local schools were incidental only. Some of these reports were made to the schools by the employers; others by the trainees. School placement records, therefore, are not complete.

EQUIPMENT FOR NATIONAL DEFENSE TRAINING

It was recognized at the outset that the public school shops were not equipped with the necessary machines and tools to give an adequate course of instruction in Defense training. The State plans accordingly provided that Federal funds could be used by the director of the State board for the cost of necessary equipment, either purchase or rental, and the installation of this equipment. These funds could be used only for the purpose of completing the instructional equipment of a school shop already partially equipped, and the only equipment approved was that necessary to accommodate the number of trainees for whom it was desirable to provide instruction. The Federal Government allowed Michigan to spend $196,324 for equipment for plan 1 programs during the first year of administration of the program. In plan 2, the State board was authorized to spend not in excess of 40 percent of the total allotment for equipment. In plan 3, the State board could spend up to 25 percent of the total allotment for equipment.

Title to all equipment purchased by the State board of control for vocational education from Federal defense training funds, was retained by the State board for the Federal Government. This equipment could be assigned or loaned to other communities as training needs changed or new needs developed.

INSTRUCTIONAL SERVICES

Many of the instructors in national-defense training courses have been men recruited from industry who have had little or no previous teaching experience. To assist these men, the State board of control for vocational education has issued teaching guides and hints through the regular, periodical official releases, has provided instructional manuals, and has held teacher training conferences and staff meetings. A visual aids service has also been provided, whereby instructors could procure, without cost, training and instructional films from the film library of the State board. At all teacher-training conferences and staff meetings, ample opportunity has been given these instructors to raise questions and to introduce problems, and every effort has been made to assist them in arriving at sound solutions.

COOPERATION WITH OTHER AGENCIES

The State board of control for vocational education has enjoyed the fullest cooperation of other agencies interested in national-defense training. The Michigan State Employment Service has made available their information concerning labor needs and available untrained labor supply. This organization has also made every effort both to refer unemployed, untrained men to the training classes conducted by the local schools, and to place trainees in defense jobs as soon as they have satisfactorily completed their training courses. The Work Projects Administration has acted also as a major referral agency, cooperating with local schools in supplying employable trainees for courses. Both agencies have stood ready to refere employable persons to these courses both at the beginning of training periods, and at any time during a training period when other trainees dropped out thus leaving vacancies in the class enrollment ranks.

Industrialists have been no less cooperative. There has been growing evidence of mutual understanding between industrialists and school officials during the past year, and in some instances special training courses were established with a definite job guaranty by an industry in advance of enrollment, for all trainees who were referred to them by the school at the close of a training period. This interworking has been accomplished most readily in communities where there was a strong, functioning representative advisory committee.

Organized labor has worked with the State board, the local schools, and all of the foregoing agencies, in furthering and strengthening the training program.

TRAINING FOR NEGROES

The Michigan State Board of Control for Vocational Education has maintained no separate service for Negro trainees. Negroes have been referred to the training courses by both the Michigan State Employment Service and the Work Projects Administration, and have been accepted for training on the same basis as applicants for training from any other race. Employability has been the determining factor. The State board has, however, engaged one Negro supervisor who first worked in Detroit to explain the program to members of the Negro race, encourage them to enroll, and to alleviate any problems which might arise. This supervisor has assisted also in other cities whenever it appeared that his services would be of value.

The State board has also held conferences with Negro leaders, both to encourage them to direct their unemployed and employable men to these courses, and to answer their questions.

As of September 1, 1941, 3,056 Negroes had taken training in preemployment courses since the beginning of the training program. Of these, 210 were known to have secured employment and 514 were still enrolled in preemployment training courses. These figures do not include the Work Projects Administration or Michigan State Employment Service placement figures.

Michigan cities which had enrolled Negroes were Allegan, Battle Creek, Bay City, Detroit, Ecorse, Flint, Grand Rapids, Hamtramck, Highland Park, Jackson, Kalamazoo (and Western Michigan College of Education at Kalamazoo), Lansing, Lincoln Park, Muskegon, Niles, Pontiac, River Rouge, Saginaw, Wayne, and Ypsilanti.

PERSONS TRAINED IN MICHIGAN

Each month the State board of control for vocational education has compiled a statistical report on enrollments, from the enrollment figures submitted by the local schools. To take a total from these monthly statistical reports as the number trained would be misleading. Some courses were conducted for 2 to 4 weeks longer than others; 10 to 12 weeks was the usual course period, but there were exceptions to even this fluctuating course length. There were also drop-outs to be considered in each training period. These were the trainees who remained in the course until they had acquired the specific knowledge or skill for which they enrolled and then discontinued the course; the trainees who were called to employment before finishing their course; and the trainees whom the schools rejected when they were convinced that these persons could not be made employable. The State board estimates that at least 75,000 persons were trained, including the drop-outs who left for reasons other than dismissal. The monthly statistical report would indicate a much higher number.

Monthly enrollment reports

[Plan 2 and Plan 3 courses did not start until late in December or in January]

	Plan 1	Plan 2	Plan 3		Plan 1	Plan 2	Plan 3
July 1940	1,756			January 1941	7,277	1,068	1,833
August	3,815			February	8,880	1,589	2,713
September	5,279			March	10,413	2,692	2,635
October	5,138			April	11,637	2,439	3,895
November	6,037			May	12,944	1,398	2,366
December	6,783			June	14,038	538	1,057

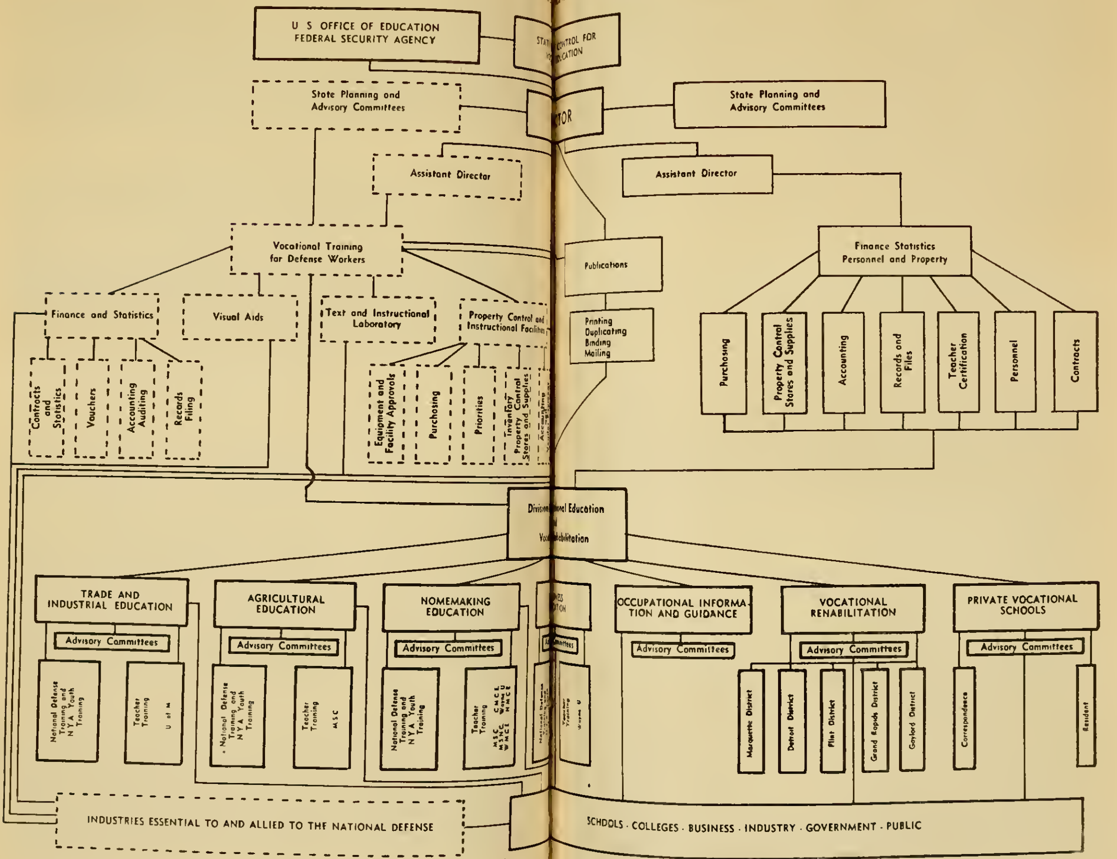
THE PROGRAM, 1941–42

With the beginning of the present fiscal year (July 1, 1941, to June 20, 1942), the three State plans under which national-defense training has been administered were slightly changed, in order to facilitate procedures in the light of experience and knowledge. The three revised State plans are now in process of publication. None of the changes were of major significance. In plan 2, only one type of training is now being offered—General pre-employment. Plan 1 was expanded to include provision for training of youth employed on National Youth Administration defense work projects, and plan 3 was restricted to training of other young people employed by the National Youth Administration on other than defense work projects. Special provision was also made in plan 1 for training of men in military service.

The State board and local communities are now standing ready to swing into the retraining program necessitated by curtailment of the automotive industry and expansion of defense production. In cities where there will be transfers of workers from automotive jobs to other jobs in the defense industries, training programs are to be initiated prior to the lay-offs which will fit these workmen for the new jobs to which they will be assigned. The local schools stand ready to initiate these training courses in the areas required and in the numbers required, as soon as the automotive industry makes the information available to the schools through the Michigan State Employment Service. This training program, as organized, will make the transfer and adjustment possible with the least possible loss in working hours and attendant loss in compensation to the workmen.

ADMINISTRATION CHART OF THE MICHIGAN OARD OF CONTROL FOR VOCATIONAL EDUCATION

VOCATIONAL EDUCATION — VOCATIONAL REHABILITATION — VO NING FOR DEFENSE WORKERS — N.Y.A YOUTH TRAINING PROGRAM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Teacher Certification
Personnel
Contracts
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Voc ehabilitation
TRADE AND INDUSTRIAL EDUCATION
AGRICULTURAL EDUCATION
HOMEMAKING EDUCATION
ESS TION
OCCUPATIONAL INFORMATION AND GUIDANCE
VOCATIONAL REHABILITATION
PRIVATE VOCATIONAL SCHOOLS
Advisory Committees
Advisory Committees
Advisory Committees
Committees
Advisory Committees
Advisory Committees
Advisory Committees
National Defense Training and N Y A Youth Training
Teacher Training U of M
National Defense Training and N Y A Youth Training
Teacher Training M S C
National Defense Training and N Y A Youth Training
Teacher Training M S C W M C E C M C E Wayne U N M C E
National Defense
Teacher Training Wayne U
Marquette District
Detroit District
Flint District
Grand Rapids District
Gaylord District
Correspondence
Resident
INDUSTRIES ESSENTIAL TO AND ALLIED TO THE NATIONAL DEFENSE
SCHOOLS · COLLEGES · BUSINESS · INDUSTRY · GOVERNMENT · PUBLIC

The July 1941 monthly statistical report showed that more than 7,500 new enrollees were included in the 24,659 who received training in national-defense courses in Michigan public schools during the first month of the second year of the defense-training program. There was a total of 6,302 enrolled in 200 preemployment courses in July; 14,374 in 592 supplementary courses; 742 in 37 courses for the Army and Navy; 646 enrolled in 27 courses for youth employed on National Youth Administration defense-work projects; 762 in 62 courses for rural and nonrural out-of-school youth; 957 in 71 trade and industrial education courses for youth employed on National Youth Administration work projects; 569 in 25 business education courses for National Youth Administration youth; and 307 in 16 homemaking courses for National Youth Administration youth.

Machine-tool operations courses lead the list in enrollments, with welding courses second in demand, blueprint reading, third, and shop mathematics, fourth, in the supplementary classification of plan 1. In preemployment courses, machine-tool operations and welding were first and second in enrollments respectively, with airplane wing construction, third, and aircraft riveting, fourth. The combined enrollments in aircraft instruction courses would have placed aircraft training second in enrollment in preemployment courses.

Conversion Training for Automotive Workers

SUPPLEMENT TO REPORT BY GEORGE H. FERN, DIRECTOR, MICHIGAN STATE BOARD OF CONTROL FOR VOCATIONAL EDUCATION, LANSING, MICH.

In an effort to avoid loss of productive time and loss of employment, as Michigan automotive production is curtailed and automobile factories are converted to the manufacture of defense materials, the Michigan State Board of Control for Vocational Education and the public schools of the State are now preparing to train automotive workers in advance of shut-downs and lay-offs. This conversion training program devolves upon directors of vocational training for defense workers in cities where there are automotive plants, automobile accessory plants, or subcontracting plants which are affected by the curtailment of automotive output.

The State board of control for vocational education has advised local directors of vocational training for defense workers to cooperate with employers, organized labor, and the Michigan State Employment Service to the fullest extent, in preparing for this conversion training program. Directors have been advised, however, not to rely entirely upon other agencies in the formulation of their plans.

Directors of vocational training for defense workers should attempt to secure information on the following points:

1. What factories or departments will be forced to curtail automotive production?
2. When will such factories be forced to shut down departments and discontinue specific jobs?
3. How many men will be thrown out of employment?
4. What types of work are these men now equipped to do? (Obtain job break-downs—What skills do these workers now possess which can be used in defense jobs?)
5. What defense contracts have been awarded to these factories, or to other industrial concerns in the community?
6. When will these plants be ready to start production on defense contracts?
7. What is the total number of workmen these plants will need?
8. What are the job break-downs or job classification requirements for these defense contracts and the numbers of workmen needed for each such classification?
9. For what change-over skills must training be provided?

It is possible that many of the workmen forced out of employment by curtailment of automotive production already possess the skills which will be needed for the new defense production jobs. Such workers can be transferred, without unnecessary delay, to the defense jobs without retraining. Others, however, are not equipped to step into these defense jobs without preliminary job training. These workmen must be trained for the jobs they will be called upon to perform in the manufacture of defense materials.

The State board of control for vocational education proposes to start training courses in the cities affected by this conversion, well in advance of shut-downs and lay-offs. It is proposed to train workers while they are still employed, so they may be ready to take the new jobs just as soon as such jobs are open, and without any needless delay. If conversion training programs are timed to production schedules, and the required number of workmen are trained for the actual job specifications of the defense production contracts, it should be possible to make the work transfer without loss of time and wages to the workmen, or delay in starting the defense production.

If directors of vocational education for defense workers find it necessary to curtail other courses, such as training programs for youth employed on National Youth Administration work projects, or preemployment refresher courses enrolling Work Projects Administration men, in order to train workers now employed in automotive production for defense production, they have been instructed by the director of the State board of control for vocational education to adjust their training program accordingly. The conversion training program has been given priority, in Michigan, over other vocational training programs during the present emergency.

Directors of vocational training for defense workers have also been instructed to take the initiative in obtaining the information necessary in order to launch these conversion training courses well in advance of lay-off dates.

The question of the number of hours which must be devoted to conversion training courses, types of courses, and the time of day when courses are to be given, has been left with the local directors. Such requirements may vary in different communities according to the type of work in which men have been engaged, shifts which are now being operated, the job requirements of the new defense contracts awarded in the different communities, and the total number to be retrained. It is proposed however that in cases where workers now employed are to be given conversion training such training will be on the basis of from 10 to 15 hours per week. Where workers are already unemployed the training will be 30 hours per week.

Exhibit 9.—Priorities Unemployment and Need in Michigan[1]

REPORT BY LABOR DIVISION, WORK PROJECTS ADMINISTRATION, FEDERAL WORKS AGENCY, WASHINGTON, D. C.

Net employment losses in Michigan are expected to total 115,000 jobs by the end of January 1942 as a result of the 48.4-percent curtailment of automobile production which goes into effect in December 1941. Even with no further cuts in civilian production there is little prospect that these workers will be absorbed in defense plants before the summer of 1942. If production quotas are lowered still further, as seems likely, the lag in the absorption of auto workers is expected to extend to the end of 1942.

More than 400,000 workers—75 percent of the national total for the industry—were employed in the automotive industry in Michigan in July 1941. The curtailment of output ordered for December 1941 will cause 175,000 auto workers to lose their jobs by January 1942 according to estimates of the Michigan Unemployment Compensation Commission. This figure is based on the assumption that in many plants hours will be cut before lay-offs occur so that a 48-percent cut in production will mean only a 40-percent cut in employment. In addition, it is expected that the indirect effects of a cut in automotive production of this size on trade and service industries will result in the loss of jobs for at least 30,000 nonmanufacturing workers. Thus, displacements will total 205,000 by the end of January.

To offset this decline the Michigan Employment Service estimates that defense employment during the same period (July-January) will increase about 90,000, leaving a net increase in unemployment of 115,000 at the end of January 1942. The estimates of additional workers needed in defense industries are somewhat more optimistic than those of the Bureau of Labor Statistics which indicate that the number of workers who will be absorbed in defense production by January 1942 is not likely to exceed 70,000 to 80,000. In the latter event net unemployment in Michigan as a result of the curtailment of automobile production will be greater and its duration longer.

Although the impact of the automobile curtailment will be felt in all parts of Michigan, certain industrial centers will be particularly hard hit. Besides Detroit, for which a separate report has been written, the main automobile centers in order of importance are Flint, Pontiac, Lansing, and Saginaw.

The scheduled curtailment in automobile production in Flint is expected to result in an employment figure for January 1942, some 19,500 below the June peak if a 40-hour week is maintained, or 14,500 below if a 32-hour week is established. During the same period defense employment will increase by only 2,800 jobs, leaving a net loss in employment of from 12,000 to 17,000 workers by January 1942. Unless additional defense production in substantial amounts is allocated to the Flint area in the near future, a large proportion of these workers will remain unemployed throughout 1942 or will have to migrate to other areas in search of jobs.

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[1] A paper on Priorities Unemployment and Need in Detroit, from the same source, appears in this volume as Exhibit 17, p. 7663.

SITUATION IN OTHER AUTOMOTIVE CENTERS

The situation in the other automotive centers is relatively less serious than in Flint, chiefly because defense production has developed further in most of them. Nevertheless, net losses in employment between the May–June peak and January 1942 are expected in each of the main automobile cities. Depending on the number of hours worked, it is estimated by the Michigan Unemployment Compensation Commission that the net losses in employment will range between 1,700 and 5,500 in Pontiac, between 2,700 and 4,700 in Lansing, and between 2,700 and 4,000 in Saginaw.

The automobile industry will affect employment to a lesser extent in Grand Rapids and Muskegon, but the expected curtailment of production of refrigerators in both of these cities will throw many workers out of jobs who cannot now be absorbed in defense plants. Some concern was also expressed over the consequences of a general decline in consumer production in a number of smaller cities, of which Dowagiac, which depends mainly on the stove industry, is an example.

No effort has been made to measure the probable effects of materials shortages and priorities on nonautomotive manufacturing industries, although local sources indicated that shortages and delays in the delivery of materials have already caused temporary lay-offs in a number of industries. It is reported that some industries anticipate difficulty in maintaining even the curtailed production schedules allowed under present regulations.

The impact of the curtailed schedule of automobile production is expected to fall heavily on the unemployment compensation system and on the general relief and Work Projects Administration programs. The Michigan Unemployment Compensation Commission estimates that 80 percent of the displaced workers will be eligible for unemployment compensation benefits for an average of 14 weeks. Of the remaining unemployed workers the State social welfare commission expects 20,000–25,000 to apply for relief almost immediately. Although the State relief load on September 12, 1941, numbered 29,071 cases as compared with 50,287 a year ago, the general downward trend has already been reversed and small increases have been recorded each week for the past 4 weeks.

Work Projects Administration employment also declined sharply during the year—from 66,201 in September 1940 to 33,210 on September 10, 1941. Most of the displaced workers who are eligible for general relief will also be eligible for Work Projects Administration and probably will be certified to Work Projects Administration almost immediately. However, under existing employment quotas few of them can be assigned to projects.

Except for some near shortages in highly skilled occupations, the labor supply in Michigan has at all times been adequate for all industrial needs. At the end of August 1941 there were about 138,000 active registrants at the State employment service, of which approximately 37,000 were in skilled and semiskilled manufacturing occupations. There has been little change in this figure in the past few months, although it is substantially lower than the number seeking jobs a year ago. During recent months, the State employment service reports a significant inflow to the labor market of students and other nonworkers and of workers migrating from other States, particularly from the South. The existence of an adequate labor supply has enabled employers to maintain hiring standards which tend to exclude Negroes, women, noncitizens, and older workers (except in skilled classifications) from employment opportunities.

W. P. A. TRAINING QUOTAS INADEQUATE

The majority of the displaced automboile workers will need some retraining to facilitate their transfer to defense jobs. Present training programs are inadequate to meet the demands that will be placed upon them within the next few months. This applies with particular force to the Works Projects Administration defense training program unless quotas are raised. Up to August 27, 1941, 11,562 Work Projects Administration workers had been enrolled in defense training courses. Of this number 1,933 were currently assigned to classes. Of the remaining 9,625, 4,748, or almost half, were known to have obtained private employment. In addition, more than 1,200 trainees left Work Projects Administration without stating a reason. It is believed that most of these also had found jobs.

The farm labor market has been somewhat tighter than in previous years, but there has been no real shortage of farm workers, and no crops have been damaged or left unharvested. Wages have risen, but as far as can be determined, farm employment has been maintained at the levels of the past 4 years. There was no significant decline in either the quantity or quality of migrant workers in the fruit orchards of western Michigan or the sugar beet fields south of Saginaw. The decline in farm and resort employment beginning in September will further augment the labor supply and will serve to intensify the competition for available defense jobs.

The effects of the decline in nondefense employment will not be confined entirely to the automotive centers. In the past year there has been a sizable migration of workers from rural areas and small towns, particularly from the Upper Peninsula and the cut-over area of the Lower Peninsula. Past experience indicates that these workers tend to return home when they lose their jobs. There is no evidence, however, that employment opportunities have increased appreciably in these inactive areas during the past year. This fact, together with the seasonal decline in agricultural and resort employment, will serve to spread the increase in need pretty generally throughout the State. Altogether, the employment outlook in Michigan during the coming winter is serious. Local Work Projects Administration and relief officials agree that present Work Projects Administration quotas will be quite inadequate to meet the sharply increased needs expected during the coming months.

EXHIBIT 10.—IN-MIGRANT APPLICATIONS FOR MICHIGAN AUTOMOBILE LICENSES

REPORT BY MICHIGAN HISTORICAL RECORDS SURVEY PROJECT, WORK PROJECTS ADMINISTRATION, FEDERAL WORKS AGENCY, DETROIT, MICH.

In an effort to obtain information for the Select Committee Investigating National Defense Migration, the W. P. A. Michigan historical records survey, during the period September 8 to October 7, 1941, made an analysis of 522,250 applications for automobile operators' licenses. Through the assistance of Harry F. Kelly, secretary of State of Michigan, the Lansing unit of the project, augmented by three workers from the C. W. A. records and health projects, reviewed applications for the months of February and May to September 1940 and March to May 1941 to obtain comparative statistics.

The purpose of this survey was the determination of the number of applicants for operators' licenses who had held licenses in a State other than Michigan during the previous year. In order to obtain the desired information, field workers of the Michigan historical records survey reviewed applications, recorded the Michigan county in which application was made, and also noted the State or country in which applicant held license the previous year. Both items were to be found on the reverse side of the application. A complete study of the applications for a single year was not possible, due to the unavailability of personnel.

The analysis substantially corroborated other indices concerning migration to Michigan. Applicants for Michigan State automobile operators' licenses who held licenses in another State or country the previous year showed little increase during 1940. For February 1940, 980, or 3.8 percent of the total were persons who held licenses in another State the previous year; May, 1,417 or 2.9 percent; June, 1,319 or 2.5 percent; July 1,520 or 2.2 percent; August, 1,564 or 2.2 percent; September, 1,620 or 2.4 percent. For March 1941 the total number of applicants for operators' licenses was 66,000, of which 3,076, or 4.6 percent were made by applicants who held licenses in another State or country the previous year. For April 1941 applications made by persons who held licenses out-State the previous year totaled 3,099 or 4.2 percent of the total applications. May 1941 records were not completely available at the time of the survey, but a review of available applications revealed that 1,213, or 2.1 percent of records surveyed, were applications of out-State residents.

Summary

	Total applications	Out-State applications	Percent out-State		Total applications	Out-State applications	Percent out-State
1940				1941			
February	25,500	980	3.8	March	66,000	3,076	4.6
May	47,500	1,417	2.9	April	72,500	3,099	4.2
June	50,750	1,319	2.5	May [1]	57,250	1,213	2.1
July	66,500	1,520	2.2				
August	68,500	1,564	2.2				
September	67,500	1,620	2.4				

[1] Incomplete.

The States from which came the greatest number of applicants were Ohio, Illinois, Indiana, Wisconsin, Minnesota, California, Pennsylvania, and New York. Statistics on all States follow:

Applicants for Michigan State automobile operators' licenses who held licenses in another State the previous year

	1940						1941			Total
	Feb.	May	June	July	Aug.	Sept.	Mar.	Apr.	May	
Alabama	2	7	9	14	15	15	16	17	38	133
Arizona	0	8	5	6	10	4	7	2	8	50
Arkansas	7	14	10	17	16	18	58	30	17	187
California	30	84	79	89	113	74	126	72	55	722
Colorado	7	6	7	8	10	9	26	17	8	98
District of Columbia	1	10	4	7	14	5	16	35	3	95
Connecticut	4	16	9	6	14	8	25	23	6	111
Delaware	2	1	2	1	0	0	2	7	1	16
Florida	13	19	22	30	33	27	35	41	32	252
Georgia	9	9	13	20	18	10	33	21	10	143
Idaho	2	6	5	3	3	1	4	9	0	33
Illinois	126	144	162	178	155	180	375	373	125	1,818
Indiana	141	119	119	100	114	132	343	232	113	1,413
Iowa	16	38	22	32	21	26	66	52	39	312
Kansas	20	16	17	20	17	20	44	34	9	197
Kentucky	22	7	26	39	70	64	118	118	28	492
Lousiana	2	14	2	2	11	4	10	3	3	51
Maine	5	2	5	10	1	3	6	7	2	41
Maryland	4	12	3	11	15	16	19	25	--------	105
Massachusetts	10	15	20	29	14	29	29	30	11	187
Minnesota	34	50	26	36	44	57	100	93	63	503
Mississippi	5	5	7	10	6	6	16	15	15	85
Missouri	39	40	33	50	46	48	112	83	48	499
Montana	10	6	3	4	4	2	13	8	0	50
Nebraska	12	16	15	13	25	19	25	24	18	167
Nevada	2	0	3	0	1	1	0	2	0	9
New Mexico	0	0	2	1	2	2	5	5	4	21
New Hampshire	1	3	2	1	3	3	5	10	2	30
New Jersey	17	28	7	19	18	17	45	87	16	254
New York	95	104	126	127	125	148	172	141	42	1,080
North Carolina	23	7	8	15	14	9	22	8	4	110
North Dakota	5	3	5	3	8	11	20	22	14	91
Ohio	130	276	223	240	235	282	530	778	196	2,890
Oklahoma	19	10	31	21	14	20	37	36	20	208
Oregon	6	6	0	9	1	3	13	7	2	47
Pennsylvania	42	83	64	92	71	84	196	227	66	925
Rhode Island	1	2	6	3	5	3	8	7	2	40
South Carolina	1	4	5	0	1	3	4	9	1	27
South Dakota	2	1	4	10	4	1	7	3	0	32
Tennessee	18	30	35	31	35	37	84	90	36	506
Texas	19	32	45	36	36	44	48	55	18	333
Utah	0	6	3	2	2	3	3	3	3	25
Virginia	7	6	5	5	11	10	13	20	11	88
Vermont	1	3	1	1	4	1	3	11	4	29
Washington	4	9	10	13	14	4	13	16	7	90
West Virginia	0	14	14	32	15	17	23	36	11	162
Wisconsin	48	92	54	72	77	83	163	154	92	835
Wyoming	0	0	0	0	4	1	3	1	0	9
Total	964	1,383	1,278	1,468	1,489	1,564	3,041	3,099	1,203	15,611

Applicants for Michigan State automobile operators' licenses who held licenses in another State the previous year—Continued

OUTSIDE CONTINENTAL UNITED STATES

	1940						1941			Total
	Feb.	May	June	July	Aug.	Sept.	Mar.	Apr.	May	
Alaska		1								1
Argentina								1		1
Australia		1				1				2
Austria			1							1
Brazil			1				1	1		3
Canada	12	27	21	43	39	33	15	47	7	244
Canal Zone		2								2
China	2	3			1			1		7
Colombia								1		1
Cuba			2						1	3
England			2	2	4					8
France		1		2	1		1			5
Germany		2		1	2		4	3		12
Hawaii		2	2	1	3	2	8	5	1	24
Hungary			1		4					5
Italy								1		1
Jamaica							1			1
Java							1			1
Mexico		2		1		2		2		7
Nova Scotia					1					1
Peru							1			1
Puerto Rico			2			1		1		4
Switzerland	2				1					3
Europe (no country reported)		1				6				7
South America (no country reported)				1	3					4
Total	16	42	32	52	59	46	32	63	9	349
No State or country reported	2	2	6	30	16	7	5	6	2	
Grand total	18	44	38	82	75	53	37	69	11	349

The greatest number of applications by out-State registrants were made in the industrial communities, Wayne, Genesee, Muskegon, Calhoun, Oakland, Washtenaw, and Kent Counties.

Out-of-State registrants in Michigan by counties

	1940						1941			Total
	Feb.	May	June	July	Aug.	Sept.	Mar.	Apr.	May	
Alcona									1	1
Alger	1	3	2	1	2	1		5	4	19
Allegan	10	9	14	15	18	12	29	12	9	128
Alpena				1	4	3	2	4		14
Antrim		1	1	1	3	1		2	1	10
Arenac					1	2	1	2	1	7
Baraga		2		1					1	4
Barry	3	4		5	1	4	5	3	5	30
Bay		1	1	1	1		1		4	9
Benzie					1	1				2
Berrien	29	22	9	9	19	24	46	41	13	212
Branch	11	12	15	14	15	18	38	24	14	161
Calhoun	21	23	15	26	23	32	151	115	39	445
Cass	5	3	5	4	17	20	37	13	13	117
Charlevoix	1			3	1	1	1		1	8
Cheboygan					7	2	1	2		12
Chippewa	1	1	4	6		7	12	4	9	87
Clare	1		2	2	1	5	12	1	2	26
Clinton		2	2	7	3	4	4	3	5	30
Crawford			2				1			2
Delta	3	1	12	5	6	3	10	7	2	49
Dickinson	5	5	3	5	5	1	7	1	5	37
Eaton	5	1	7	8	10	4	12	4		51

Out-of-State registrants in Michigan by counties—Continued

	1940						1941			Total
	Feb.	May	June	July	Aug.	Sept.	Mar.	Apr.	May	
Emmet	1	-------	5	-------	2	-------	4	1	1	14
Genesee	30	64	49	76	75	77	67	125	91	654
Gladwin	2	2	2	-------	-------	-------	1	3	-------	10
Gogebic	4	20	13	12	10	12	16	23	14	124
Gd. Traverse	3	4	1	7	3	7	5	1	5	36
Gratiot	2	1	4	-------	4	1	7	8	8	35
Hillsdale	15	19	8	17	9	25	16	42	14	165
Houghton	2	2	4	4	4	4	7	1	4	32
Huron	-------	3	-------	-------	-------	2	-------	-------	1	6
Ingham	33	28	51	44	42	68	87	79	43	475
Ionia	-------	3	4	1	6	6	3	6	4	33
Iosco	1	-------	2	1	2	3	4	-------	-------	13
Iron	-------	1	-------	7	6	3	2	-------	1	20
Isabella	11	3	5	5	2	7	4	11	-------	48
Jackson	30	19	16	13	23	20	40	39	17	217
Kalamazoo	23	27	37	23	41	18	60	52	28	309
Kalkaska	-------	1	1	-------	3	3	1	1	-------	10
Kent	89	77	64	88	59	72	96	71	60	676
Keweenaw	1	-------	-------	2	2	-------	-------	-------	-------	5
Lake	1	-------	-------	3	1	-------	1	-------	-------	6
Lapeer	3	4	-------	4	1	5	9	5	-------	31
Leelanau	-------	-------	1	-------	2	-------	-------	-------	-------	3
Lenawee	11	23	32	23	17	30	59	80	35	310
Livingston	2	2	2	5	6	2	10	9	5	43
Luce	-------	-------	-------	2	1	-------	2	-------	-------	5
Mackinac	1	1	1	5	-------	1	-------	1	-------	10
Macomb	3	7	14	26	17	12	88	86	54	307
Manistee	1	3	1	3	2	1	1	5	1	18
Marquette	6	7	4	8	5	6	14	10	16	76
Mason	2	2	-------	4	1	1	2	1	5	18
Mecosta	-------	1	2	3	1	2	2	3	2	16
Menominee	3	5	6	3	11	3	11	10	4	56
Midland	5	7	4	9	13	6	14	16	12	86
Missaukee	1	-------	-------	1	-------	-------	-------	1	-------	3
Monroe	15	28	23	24	30	35	72	21	23	271
Montcalm	-------	1	2	2	3	1	7	1	3	20
Montmorency	-------	-------	-------	1	-------	1	-------	1	-------	3
Muskegon	17	8	11	35	16	33	40	44	37	241
Newaygo	1	-------	6	5	3	5	5	7	-------	32
Oakland	33	43	40	58	84	50	186	175	91	760
Oceana	3	1	-------	4	4	4	3	1	2	22
Ogemaw	-------	1	3	-------	2	1	-------	-------	-------	7
Ontonagon	-------	2	1	4	3	-------	6	8	-------	24
Osceola	-------	2	3	3	1	2	1	2	1	15
Oscoda	-------	-------	-------	-------	-------	-------	1	2	-------	3
Otsego	-------	-------	-------	-------	-------	-------	1	-------	-------	1
Ottawa	11	15	4	7	15	7	9	16	7	91
Presque Isle	-------	1	-------	-------	-------	-------	-------	-------	-------	1
Roscommon	-------	1	1	1	2	2	-------	-------	-------	7
Saginaw	26	13	16	23	16	28	66	59	28	275
Sanilac	1	2	22	6	2	8	3	2	1	47
Schoolcraft	-------	1	2	1	1	3	3	5	-------	16
Shiwassee	4	4	8	11	12	4	10	6	7	66
St. Clair	10	5	5	2	2	4	7	6	5	46
St. Joseph	16	10	27	21	14	19	120	29	38	294
Tuscola	4	2	4	3	9	4	6	4	2	38
Van Buren	5	5	4	10	17	23	25	15	9	113
Washtenaw	69	55	96	80	66	56	90	83	111	844
Wayne	376	593	602	721	722	781	1,479	1,648	274	6,474
Wexford	3	3	3	9	2	3	6	4	4	37

States of origin, and Michigan counties of present residence, of in-migrant applicants for Michigan automobile operators' licenses [1] during March and April, 1941

MARCH 1941

Alabama, total	16
County: [1]	
Calhoun	1
Jackson	1
Lapeer	1
Montcalm	1
Oakland	1
Wayne	11
Arizona, total	7
County: [1]	
Kalamazoo	1
Monroe	2
Oakland	1
Wayne	3
Arkansas, total	58
County: [1]	
Berrien	1
Calhoun	3
Genesee	3
Ingham	2
Kalamazoo	1
Kalkaska	1
Kent	1
Macomb	3
Muskegon	3
Oakland	9
Saginaw	1
St. Joseph	1
Van Buren	1
Washtenaw	1
Wayne	26
Wexford	1
California, total	126
County: [1]	
Allegan	2
Barry	1
Branch	1
Chippewa	1
Genesee	4
Houghton	1
Ingham	2
Jackson	1
Kalamazoo	2
Kent	5
Lenawee	1
Livingston	1
Macomb	2
Marquette	1
Monroe	2
Muskegon	1
Newaygo	1
Oakland	4
Saginaw	3
California—Continued.	
County—Continued.	
Washtenaw	6
Wayne	84
Colorado, total	26
County: [1]	
Branch	2
Calhoun	2
Eaton	1
Ingham	2
Jackson	1
Kalamazoo	1
Kent	1
Macomb	1
Saginaw	1
St. Joseph	1
Wayne	13
Columbia, District of, total	16
County: [1]	
Calhoun	1
Kent	1
Macomb	1
Oakland	3
Weshtenaw	1
Wayne	9
Connecticut, total	25
County: [1]	
Kent	6
Washtenaw	2
Wayne	17
Delaware, total	2
County: [1]	
Muskegon	1
Wayne	1
Florida, total	35
County: [1]	
Allegan	1
Berrien	2
Branch	1
Calhoun	1
Cass	1
Emmet	1
Genesee	1
Lenawee	1
Macomb	1
Oakland	4
Oceana	1
Saginaw	1
St. Joseph	1
Washtenaw	1
Wayne	17

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[1] Michigan county in which application was made.

States of origin, and Michigan counties of present residence, of in-migrant applicants for Michigan automobile operators' licenses during March and April, 1941—Continued

MARCH 1941—continued

Georgia, total	33
County:[1]	
Berrien	1
Calhoun	7
Delta	1
Ingham	1
Kent	1
Macomb	1
Oakland	2
Wayne	19
Idaho, total	4
County:[1]	
Calhoun	1
Cass	1
Chippewa	1
Wayne	1
Illinois, total	375
County:[1]	
Allegan	7
Berrien	8
Branch	6
Calhoun	23
Cass	9
Chippewa	3
Clare	3
Crawford	1
Delta	1
Eaton	1
Genesee	8
Gogebic	2
Grand Traverse	1
Houghton	1
Ingham	10
Ionia	1
Jackson	2
Kalamazoo	9
Kent	13
Lapeer	1
Lenawee	2
Macomb	11
Marquette	1
Menominee	1
Monroe	4
Muskegon	9
Newaygo	1
Oakland	26
Osceola	1
Oscoda	1
Ottawa	1
Saginaw	10
St. Clair	1
St. Joseph	13
Shiawassee	1
Van Buren	13
Washtenaw	11
Wayne	157
Wexford	1

Indiana, total	343
County:[1]	
Allegan	3
Barry	1
Berrien	25
Branch	17
Calhoun	26
Cass	22
Chippewa	1
Clare	1
Delta	1
Eaton	2
Emmet	1
Genesee	12
Gratiot	2
Hillsdale	5
Houghton	1
Ingham	8
Jackson	10
Kalamazoo	12
Kent	16
Lake	1
Lapeer	1
Lenawee	8
Livingston	1
Macomb	15
Mason	1
Monroe	1
Muskegon	4
Newaygo	1
Oakland	7
Ottawa	2
Saginaw	15
St. Clair	1
St. Joseph	26
Schoolcraft	1
Shiawassee	1
Van Buren	4
Washtenaw	6
Wayne	89
Wexford	2
Iowa, total	66
County:[1]	
Allegan	2
Barry	1
Berrien	3
Calhoun	4
Gladwin	1
Gogebic	2
Ingham	3
Kent	6
Lenawee	1
Marquette	1
Monroe	2
Muskegon	2
Oakland	6
Ontonagon	2
Saginaw	3
Washtenaw	4
Wayne	22
Wexford	1

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[1] Michigan county in which application was made.

States of origin, and Michigan counties of present residence, of in-migrant applicants for Michigan automobile operators' licenses during March and April, 1941—Continued

MARCH 1941—continued

Kansas, total	44
County:[1]	
Allegan	1
Calhoun	4
Clare	3
Clinton	1
Genesee	4
Ionia	1
Jackson	1
Kent	1
Lapeer	1
Muskegon	2
Oakland	3
Saginaw	1
St. Joseph	2
Shiawassee	2
Van Buren	1
Washtenaw	3
Wayne	13
Kentucky, total	118
County:[1]	
Branch	2
Calhoun	25
Hillsdale	1
Jackson	1
Kent	2
Lenawee	3
Macomb	5
Monroe	1
Oakland	7
Ottawa	1
Saginaw	1
Washtenaw	2
Wayne	67
Louisiana, total	10
County:[1]	
Washtenaw	2
Wayne	8
Maine, total	6
County:[1] Wayne	6
Maryland, total	19
County:[1]	
Barry	1
Calhoun	3
Kalamazoo	1
Kent	1
Lenawee	1
Wayne	12
Massachusetts, total	29
County:[1]	
Allegan	1
Genesee	2
Massachusetts—Continued.	
County—Continued.	
Kalamazoo	2
Livingston	1
Macomb	3
Monroe	1
Oakland	2
Washtenaw	1
Wayne	16
Minnesota, total	100
County:[1]	
Allegan	1
Calhoun	2
Chippewa	1
Delta	3
Dickinson	2
Genesee	2
Gogebic	2
Houghton	1
Ingham	10
Kalamazoo	4
Kent	4
Livingston	1
Macomb	1
Marquette	2
Mason	1
Monroe	1
Muskegon	2
Oakland	4
Saginaw	1
Schoolcraft	1
Shiawassee	1
Tuscola	2
Washtenaw	2
Wayne	48
Wexford	1
Mississippi, total	16
County:[1]	
Calhoun	1
Genesee	1
Macomb	1
Midland	1
Oakland	2
Wayne	10
Missouri, total	112
County:[1]	
Allegan	1
Barry	1
Berrien	2
Branch	1
Calhoun	1
Cass	2
Clinton	1
Genesee	1

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[1] Michigan county in which application was made.

States of origin, and Michigan counties of present residence, of in-migrant applicants for Michigan automobile operators' licenses during March and April, 1941—Continued

MARCH 1941—continued

Missouri—Continued.	
County—Continued.	
Ingham	1
Iosco	2
Jackson	3
Kalamazoo	2
Kent	1
Lenawee	2
Livingston	1
Macomb	3
Monroe	1
Muskegon	1
Oakland	20
Saginaw	3
Shiawassee	1
Van Buren	3
Washtenaw	4
Wayne	54
Montana, total	13
County:[1]	
Allegan	1
Branch	1
Emmet	1
Ingham	2
Macomb	1
Oakland	1
Wayne	6
Nebraska, total	25
County:[1]	
Calhoun	1
Chippewa	1
Ingham	3
Kalamazoo	1
Lenawee	2
Oakland	2
Ottawa	1
Van Buren	1
Washtenaw	5
Wayne	8
New Mexico, total	5
County:[1]	
Allegan	1
Ingham	1
Kent	1
Wayne	2
New Hampshire, total	5
County:[1]	
Clare	1
Washtenaw	1
Wayne	3
New Jersey, total	45
County:[1]	
Calhoun	1
Genesee	1
Ingham	3
Kalamazoo	1
Kent	2
Macomb	5
Marquette	1
Oakland	3
Saginaw	1
Sanilac	1
Washtenaw	3
Wayne	23
New York, total	172
County:[1]	
Allegan	1
Calhoun	4
Chippewa	1
Eaton	1
Genesee	4
Grand Traverse	1
Hillsdale	2
Ingham	6
Iosco	1
Isabella	1
Kalamazoo	2
Kent	5
Lapeer	1
Lenawee	1
Macomb	2
Marquette	3
Midland	1
Monroe	1
Muskegon	1
Oakland	5
Otsego	1
Saginaw	5
St. Clair	2
St. Joseph	1
Schoolcraft	1
Shiawasse	1
Van Buren	1
Washtenaw	9
Wayne	107
North Carolina, total	22
County:[1]	
Calhoun	1
Ingham	1
Kent	1
Macomb	1
Oakland	1
Washtenaw	1
Wayne	16

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[1] Michigan county in which application was made.

States of origin, and Michigan counties of present residence, of in-migrant applicants for Michigan automobile operators' licenses during March and April, 1941—Continued

MARCH 1941—continued

North Dakota, total	20
County:[1]	
Eaton	2
Genesee	1
Ingham	2
Lenawee	1
Macomb	1
Oakland	1
Wayne	12
Ohio, total	530
County:[1]	
Allegan	3
Alpena	2
Berrien	1
Branch	6
Calhoun	14
Charlevoix	1
Chippewa	1
Clare	1
Eaton	2
Genesee	6
Gratiot	1
Hillsdale	7
Ingham	9
Ionia	1
Isabella	2
Jackson	15
Kalamazoo	6
Kent	5
Lapeer	2
Lenawee	31
Livingston	1
Macomb	6
Marquette	1
Midland	8
Monroe	45
Montcalm	4
Muskegon	4
Newaygo	2
Oakland	26
Ottawa	1
Saginaw	12
St. Joseph	7
Tuscola	3
Washtenaw	12
Wayne	282
Oklahoma, total	37
County:[1]	
Allegan	1
Cass	1
Clare	3
Clinton	1
Grand Tarvers	1
Ingham	2
Kent	4
Lapeer	2
Van Buren	1
Oklahoma—Continued.	
County—Continued.	
Macomb	1
Oakland	6
Oceana	1
St. Clair	1
Wayne	12
Oregon, total	13
County:[1]	
Arenac	1
Cass	1
Ingham	1
Luce	1
Midland	1
Oakland	1
St. Joseph	4
Wayne	3
Pennsylvania, total	196
County:[1]	
Berrien	2
Calhoun	2
Chippewa	1
Eaton	1
Genesee	4
Gratiot	1
Ingham	4
Jackson	1
Kalamazoo	6
Kent	5
Lenawee	1
Macomb	6
Menominee	2
Monroe	2
Muskegon	4
Oakland	17
Ottawa	1
Saginaw	4
Shiawassee	1
Washtenaw	2
Wayne	129
Rhode Island, total	8
County:[1]	
Shiawassee	1
Washtenaw	2
Wayne	5
South Carolina, total	4
County:[1] Wayne	4
South Dakota, total	7
County:[1]	
Mecosta	2
Wayne	5

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[1] Michigan county in which application was made.

States of origin, and Michigan counties of present residence, of in-migrant applicants for Michigan automobile operators' licenses during March and April, 1941—Continued

MARCH 1941—continued

Tennessee, total	84
County: [1]	
Allegan	1
Berrien	1
Calhoun	3
Genesee	3
Gratiot	1
Ingham	3
Jackson	3
Kent	1
Macomb	4
Menominee	1
Monroe	3
Montcalm	2
Oakland	4
St. Clair	1
Shiawassee	1
Washtenaw	2
Wayne	50
Texas, total	48
County: [1]	
Calhoun	7
Clinton	1
Genesee	2
Gratiot	2
Ingham	1
Isabella	1
Lenawee	1
Macomb	4
Manistee	1
Midland	2
Oakland	3
St. Clair	1
Sanilac	1
Tuscola	1
Wayne	20
Utah, total	3
County: [1]	
Kalamazoo	1
Wayne	2
Vermont, total	3
County: [1]	
Monroe	2
Oakland	1
Virginia, total	13
County: [1]	
Delta	1
Genesee	1
Macomb	1
Oakland	2
Sanilac	1
Wayne	7
Washington, total	13
County: [1]	
Allegan	1
Calhoun	1
Ingham	2
Kent	1
Macomb	1
Muskegon	1
Wayne	6
West Virginia, total	23
County: [1]	
Calhoun	1
Ingham	2
Genesee	2
Kalamazoo	1
Livingston	1
Monroe	2
Muskegon	3
Oakland	1
Washtenaw	1
Wayne	9
Wisconsin, total	163
County: [1]	
Allegan	1
Bay	1
Branch	1
Calhoun	10
Cheboygan	1
Chippewa	1
Delta	3
Dickinson	5
Eaton	2
Emmet	1
Genesee	5
Gogebic	10
Grand Traverse	1
Hillsdale	1
Houghton	3
Ingham	6
Iosco	1
Kalamazoo	7
Kent	10
Lenawee	3
Livingston	3
Marquette	4
Menominee	7
Midland	1
Monroe	2
Muskegon	2
Oakland	9
Oceana	1
Ontonagon	4
Ottawa	2
Saginaw	4
St. Joseph	1
Washtenaw	3
Wayne	47

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[1] Michigan county in which application was made.

States of origin, and Michigan counties of present residence, of in-migrant applicants for Michigan automobile operators' licenses during March and April, 1941—Continued

MARCH 1941—continued

Wyoming, total	3
County: [1]	
Grand Traverse	1
Kent	1
Wayne	1
Miscellaneous (out State to), total	5
County: [1]	
Iron	2
Macomb	1
Oakland	1
Wayne	1

FOREIGN COUNTRIES—TOTAL, 30

France, total	1
County: [1] Jackson	1
Brazil, total	1
County: [1] Washtenaw	1
Canada, total	15
County: [1]	
Luce	1
Oakland	1
Wayne	13
Germany, total	4
County: [1]	
Washtenaw	2
Wayne	2
Hawaii, total	8
County: [1]	
Calhoun	1
Kent	1
Macomb	5
Wayne	1
Panama, total	1
County: [1] Macomb	1

APRIL 1941

Alabama, total	17
County: [1]	
Calhoun	2
Macomb	2
Menominee	1
Oakland	1
St. Joseph	1
Wayne	10
Arizona, total	2
County: [1] Wayne	2
Arkansas, total	30
County: [1]	
Alpena	1
Berrien	1
Clinton	1
Genesee	6
Ingham	1
Livingston	2
Macomb	1
Oakland	2
Washtenaw	1
Wayne	14
California, total	72
County: [1]	
Allegan	1
Calhoun	1
Genesee	4
Gratiot	1
Ingham	1
Kalamazoo	3
Kent	1
Midland	2
Oakland	2
Ottawa	1
Saginaw	4
St. Clair	1
Washtenaw	5
Wayne	45
Colorado, total	17
County: [1]	
Arenac	1
Calhoun	3
Ingham	1
Macomb	1
Shiawassee	1
Washtenaw	1
Wayne	9

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[1] Michigan county in which application was made.

States of origin, and Michigan counties of present residence, of in-migrant applicants for Michigan automobile operators' licenses during March and April, 1941—Continued

APRIL 1941—continued

Columbia, District of, total	35
County:[1]	
Calhoun	2
Genesee	1
Ingham	1
Kent	1
Macomb	13
Monroe	2
Washtenaw	1
Wayne	14

Connecticut, total	23
County:[1]	
Macomb	1
Midland	1
Monroe	1
Muskegon	3
Oakland	1
Washtenaw	2
Wayne	14

Delaware, total	7
County:[1]	
Hillsdale	1
Kalamazoo	2
Wayne	4

Florida, total	41
County:[1]	
Berrien	2
Branch	1
Calhoun	1
Genesee	1
Gratiot	1
Ingham	4
Kalamazoo	1
Kent	1
Macomb	1
Mason	1
Monroe	1
Oakland	4
Oscoda	1
Van Buren	2
Washtenaw	1
Wayne	18

Georgia, total	21
County:[1]	
Calhoun	1
Delta	1
Iona	1
Macomb	1
Wayne	17

Idaho, total	9
County:[1]	
Alpena	1
Berrien	1
Calhoun	2
Genesee	2
Tuscola	2
Wayne	1

Illinois, total	373
County:[1]	
Alger	4
Allegan	2
Antrim	2
Berrien	10
Branch	1
Calhoun	18
Cass	5
Chippewa	1
Emmet	1
Genesee	16
Gogebic	3
Grand Traverse	1
Hillsdale	4
Ingham	3
Ionia	1
Jackson	5
Kalamazoo	6
Kent	12
Lapeer	1
Lenawee	2
Livingston	1
Macomb	12
Marquette	5
Menominee	1
Montmorency	1
Muskegon	11
Newaygo	2
Oakland	16
Ottawa	6
Saginaw	6
St. Joseph	9
Shiawassee	1
Van Buren	4
Washtenaw	10
Wayne	189
Wexford	1

Indiana, total	232
County:[1]	
Allegan	6
Alpena	1
Barry	1
Berrien	15
Branch	8
Calhoun	17

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[1] Michigan county in which application was made.

States of origin, and Michigan counties of present residence, of in-migrant applicants for Michigan automobile operators' licenses during March and April, 1941—Continued

APRIL 1941—continued

Indiana—Continued.	
County—Continued.	
Cass	6
Clinton	1
Delta	1
Eaton	1
Genesee	8
Hillsdale	3
Ingham	8
Jackson	6
Kalamazoo	13
Kent	4
Lenawee	2
Macomb	6
Manistee	1
Midland	1
Missaukee	1
Monroe	2
Muskegon	5
Oakland	12
Ottawa	1
Saginaw	11
St. Joseph	11
Shiawassee	1
Van Buren	4
Washtenaw	5
Wayne	70
Iowa, total	52
County:[1]	
Calhoun	4
Genesee	2
Gratiot	1
Ingham	2
Kalamazoo	1
Kent	6
Oakland	6
Osceola	1
St. Joseph	2
Shiawassee	1
Washtenaw	3
Wayne	23
Kansas, total	34
County:[1]	
Calhoun	3
Cass	1
Clinton	1
Genesee	1
Ingham	3
Isabella	2
Lapeer	1
Livingston	1
Midland	2
Oakland	1
Wayne	18
Kentucky, total	118
County:[1]	
Calhoun	9
Genesee	1
Gogebic	1
Ingham	1
Kent	1
Livingston	1
Macomb	3
Muskegon	1
Oakland	6
Saginaw	2
Wayne	92
Louisiana, total	3
County:[1]	
Oakland	1
Wayne	2
Maine, total	7
County:[1]	
Macomb	2
Wayne	5
Maryland, total	25
County:[1]	
Genesee	1
Ingham	3
Monroe	1
St. Joseph	1
Washtenaw	2
Wayne	17
Massachusetts, total	30
County:[1]	
Branch	2
Calhoun	1
Genesee	1
Ingham	1
Jackson	1
Oakland	2
Wayne	22
Minnesota, total	93
County:[1]	
Delta	2
Genesee	9
Gogebic	1
Hillsdale	1
Ingham	2
Kalamazoo	1
Kalkaska	1
Kent	2

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[1] Michigan county in which application was made.

States of origin, and Michigan counties of present residence, of in-migrant applicants for Michigan automobile operators' licenses during March and April, 1941—Continued

APRIL 1941—continued

Minnesota—Continued.	
County—Continued.	
Macomb	3
Muskegon	3
Oakland	9
St. Clair	1
Sanilac	1
Schoolcraft	1
Washtenaw	4
Wayne	52
Mississippi, total	15
County:[1]	
Branch	1
Genesee	3
Kalamazoo	2
Lenawee	1
Macomb	1
Muskegon	1
Washtenaw	1
Wayne	5
Missouri, total	83
County:[1]	
Branch	2
Calhoun	1
Genesee	8
Gogebic	1
Ionia	1
Isabella	1
Kent	4
Macomb	1
Muskegon	1
Oakland	14
Ottawa	1
Shiawassee	1
Van Buren	2
Washtenaw	3
Wayne	42
Montana, total	8
County:[1]	
Ingham	1
Lenawee	1
Macomb	2
Muskegon	1
Oakland	3
Nebraska, total	24
County:[1]	
Branch	1
Calhoun	1
Lapeer	2
Macomb	1
Midland	3
Muskegon	1
Oakland	4
St. Clair	1
Washtenaw	1
Wayne	9
Nevada, total	2
County:[1]	
Macomb	1
Wayne	1
New Mexico, total	5
County:[1]	
Genesee	1
Kent	1
Mecosta	1
Washtenaw	1
Wayne	1
New Hampshire, total	10
County:[1]	
Genesee	1
Menominee	1
Wayne	8
New Jersey, total	87
County:[1]	
Berrien	3
Calhoun	4
Genesee	5
Ingham	7
Jackson	1
Kent	9
Lenawee	1
Macomb	1
Muskegon	2
Oakland	6
Ottawa	1
Saginaw	2
Washtenaw	6
Wayne	39
New York, total	141
County:[1]	
Calhoun	2
Genesee	1
Ingham	2
Ionia	1
Jackson	1
Kalamazoo	2
Kent	2
Lapeer	1
Lenawee	2
Livingston	1
Macomb	1
Newaygo	4
Oakland	3
Saginaw	3
St. Clair	2
Washtenaw	10
Wayne	103
North Carolina, total	8
County:[1]	
Wayne	8

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[1] Michigan county in which application was made.

States of origin, and Michigan counties of present residence, of in-migrant applicants for Michigan automobile operators' licenses during March and April, 1941—Continued

APRIL 1941—continued

North Dakota, total	22
County:[1]	
Berrien	2
Genesee	1
Ingham	2
Ionia	1
Kent	1
Lenawee	2
Oceana	1
St. Clair	1
Washtenaw	2
Wayne	9
Ohio, total	778
County:[1]	
Allegan	2
Arenac	1
Barry	1
Berrien	1
Branch	6
Calhoun	21
Cass	1
Cheboygan	2
Clare	1
Eaton	2
Genesee	23
Gladwin	1
Gratiot	1
Hillsdale	31
Ingham	18
Ionia	1
Isabella	3
Jackson	20
Kalamazoo	10
Kent	12
Lenawee	63
Macomb	11
Manistee	3
Mecosta	1
Midland	4
Monroe	84
Montcalm	1
Muskegon	3
Oakland	44
Osceola	1
Oscoda	1
Ottawa	1
Saginaw	9
St. Joseph	2
Tuscola	2
Van Buren	2
Washtenaw	22
Wayne	364
Wexford	2
Oklahoma, total	36
County:[1]	
Chippewa	1
Genesee	2
Gladwin	2
Gratiot	2
Kent	1
Lenawee	1
Macomb	1
Midland	1
Monroe	1
Oakland	3
Van Buren	1
Washtenaw	1
Wayne	19
Oregon, total	37
County:[1]	
Branch	1
Kalamazoo	1
Newaygo	1
Oakland	2
Wayne	2
Pennsylvania, total	227
County:[1]	
Allegan	1
Dickerson	1
Genesee	8
Ingham	6
Jackson	5
Kalamazoo	3
Kent	1
Lenawee	2
Livingston	3
Macomb	7
Marquette	4
Menominee	1
Oakland	15
Ottawa	1
Saginaw	10
St. Joseph	2
Washtenaw	1
Wayne	155
Wexford	1
Rhode Island, total	7
County:[1]	
Macomb	1
Muskegon	1
Washtenaw	1
Wayne	4
South Carolina, total	9
County:[1]	
Kent	1
Midland	1
Wayne	7

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[1] Michigan county in which application was made.

States of origin, and Michigan counties of present residence, of in-migrant applicants for Michigan automobile operators' licenses during March and April, 1941—Continued

APRIL 1941—continued

South Dakota, total	3
County:[1]	
Lenawee	1
Washtenaw	1
Wayne	1
Tennessee, total	90
County:[1]	
Calhoun	1
Eaton	1
Genesee	3
Ingham	4
Kalamazoo	1
Kent	1
Menominee	1
Monroe	1
Muskegon	1
Oakland	3
Saginaw	1
Washtenaw	4
Wayne	68
Texas, total	55
County:[1]	
Berrien	1
Calhoun	6
Genesee	1
Gratiot	2
Ingham	2
Isabella	5
Kalamazoo	1
Kent	5
Macomb	1
Muskegon	4
Saginaw	1
Sanilac	1
Washtenaw	1
Wayne	24
Utah, total	3
County:[1]	
Washtenaw	1
Wayne	2
Vermont, total	11
County:[1]	
Hillsdale	1
Ingham	1
Oakland	2
Wayne	7
Virginia, total	20
County:[1]	
Berrien	1
Calhoun	2
Ingham	1
Virginia—Continued	
County—Continued	
Kalamazoo	1
Kent	1
Macomb	1
Muskegon	1
Oakland	1
Washtenaw	1
Wayne	10
Washington, total	16
County:[1]	
Genesee	1
Gratiot	1
Ingham	2
Mecosta	1
Muskegon	1
Ottawa	1
Saginaw	1
Washtenaw	1
Wayne	7
West Virginia, total	36
County:[1]	
Calhoun	3
Genesee	1
Macomb	1
Oakland	4
Saginaw	3
Van Buren	1
Wayne	23
Wisconsin, total	154
County:[1]	
Alger	1
Alpena	1
Barry	1
Berrien	2
Branch	1
Calhoun	9
Chippewa	2
Delta	3
Genesee	4
Gogebic	17
Hillsdale	1
Houghton	1
Ingham	2
Kalamazoo	4
Kent	3
Lenawee	2
Mackinac	1
Macomb	7
Manistee	1
Marquette	1
Menominee	5
Midland	1
Muskegon	3
Oakland	4
Ontonagon	8

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[1] Michigan county in which application was made.

States of origin, and Michigan counties of present residence, of in-migrant applicants for Michigan automobile operators' licenses during March and April, 1941—Continued

APRIL 1941—continued

Wisconsin—Continued	
County—Continued	
Ottawa	3
Saginaw	6
St. Joseph	1
Schoolcraft	4
Shiawassee	1
Washtenaw	4
Wayne	50
Wyoming, total	1
County:[1] Kent	1
Miscellaneous, total	6
County:[1]	
Midland	1
Wayne	2
Oakland	3

FOREIGN COUNTRIES—TOTAL 64

Argentina, total	1
County:[1] Washtenaw	1
Brazil, total	1
County:[1] Washtenaw	1
Canada, total	47
County:[1]	
Berrien	1
Branch	1
Macomb	1
Oakland	1
Wayne	43
Colombia, total	1
County:[1] Wayne	1
China, total	1
County:[1] Washtenaw	1
Germany, total	3
County:[1]	
Washtenaw	2
Wayne	1
Hawaii, total	5
County:[1]	
Calhoun	1
Macomb	1
Wayne	3
Italy, total	1
County:[1] Wayne	1
Mexico, total	2
County:[1]	
Genesee	1
Washtenaw	1
Puerto Rico, total	1
County:[1] Wayne	1
Panama Canal, total	1
County:[1] Berrien	1

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[1] Michigan county in which application was made.

EXHIBIT 11.—HEALTH PROBLEMS CREATED BY DEFENSE MIGRATION IN DETROIT

REPORT BY BRUCE H. DOUGLAS, M. D., COMMISSIONER, DEPARTMENT OF HEALTH DETROIT, MICH.

SEPTEMBER 17, 1941.

The Detroit Department of Health is a branch of the municipal government and is financed largely through taxation. There are four board members appointed by the mayor for 4-year terms each on a 4-year staggering basis. This obviously results in a termination of services of one board member each year. The board is composed of two medical men and two lay persons. The senior member of the board is the president and the next man by seniority is vice president of the board. The board of health is the policy-forming body of the department of health. The commissioner of health, or the executive officer, is appointed by the board of health for an indefinite period of time.

A brief financial statement for the Detroit Department of Health for the fiscal year 1941–42 is as follows:

Total budget	$4, 312, 203
Expected revenues from various sources:	
(1) County reimbursement for the care of tuberculosis patients	1, 980, 000
(2) County reimbursement for the care of contagious-disease patients	200, 000
(3) Federal Government reimbursement for industrial-hygiene services	[1] 9, 000
(4) Federal Government reimbursement for social-hygiene service	[2] 27, 200
(5) Children's Fund of Michigan reimbursement for dental service	[3] 7, 500
(6) County reimbursement for care of maternity cases	50, 000
(7) License receipts	140, 000
(8) Certified copies of birth and death records	8, 000
(9) Reimbursement—poultry inspection	18, 000
(10) Herman Kiefer Hospital pay patients	20, 000
(11) Miscellaneous revenues	11, 500
(12) Sale of meals—Herman Kiefer Hospital, William H. Maybury Sanatorium	165, 100
Total expected revenue	2, 636, 320
Net total, tax dependent budget	1, 675, 883

[1] This amount reduced by $1,000.
[2] This figure has been augmented by $4,000.
[3] Now transferred to Department of Public Welfare.

It is difficult to estimate whether an appropriation as herein presented shall be sufficient to maintain an adequate health service if there are marked changes in population, particularly so if such changes are largely due to a shift in population. It seems apparent that an increase in population of the community is definitely to be expected. Crude death rates during recent years have decreased. The birth rate has increased last year and is showing evidence of an additional increase during the current year. Although the department has not had marked actual experience with migratory problems it is quite evident that migration of industrial workers to the city and more particularly neighboring communities is becoming a matter of concern.

With this increase and shift in population, an increase in the problem of communicable diseases might be expected and with an increase in the industrial problem, it is quite likely that an increase in appropriation for health purposes will be necessary.

INSPECTION OF SUBSTANDARD HOUSING

Housing is a health program and the health department is actively engaged at the present time in inspecting substandard dwellings. The Common Council of the City of Detroit on March 1, 1940, granted an appropriation to the Detroit Department of Health for the conduction of a special survey of substandard dwellings with instructions to curtail and eliminate all such undesirable conditions as may be encountered. On this special survey the department of health at the present time has provisions for the employment of 3 senior health inspectors, 12 junior health inspectors, and 6 stenographers and clerks. A commendable inroad is being made into the elimination of substandard housing conditions through these endeavors.

It is to be admitted that there is a relationship between substandard housing and disease. The problem of infestation with rodents becomes a practical problem in substandard dwellings since the spread of certain diseases which are transmissible from animals to humans is a possibility. Even more important is the crowding of persons under such conditions, since it enhances the development of practically all communicable diseases, particularly the common diseases which are transmissible from person to person as for example: tuberculosis, diphtheria, scarlet fever, smallpox, etc.

A recent survey of the facilities for the care of venereal-disease patients in Detroit showed 14 free or part-pay clinics available, of which the social-hygiene clinic of the Detroit Department of Health was by far the largest. A program for lay education has been under way for some time, utilizing the various health centers, prenatal clinics, and interested nonofficial community groups as sources for dispensing valuable information concerning these diseases.

As employment in Detroit has increased, more and more patients have been referred to their family physicians. Participation of the private physicians has been sought and obtained by personal contact and through the Wayne County Medical Society. Postgraduate credit courses in cooperation with Wayne University, College of Medicine, have been given physicians in order that they may be better acquainted with venereal-disease problems, the diagnoses, and the treatment of these conditions. The field service of the Detroit Department of Health social-hygiene division makes an average of 700 calls monthly on contacts to infectious cases and lapsed treatment cases. Infectious cases which are likely to be spreaders of the disease, and more particularly prostitutes, are quarantined at Herman Kiefer Hospital until they are no longer infectious.

Since January 1940, the social-hygiene clinic has cooperated with the United States Public Health Service central tabulating unit in collecting statistical information about venereal diseases. This cooperative endeavor has enabled this department to maintain more accurate statistics on social diseases. Recently, an additional problem has been assumed by the social-hygiene division of the Detroit Department of Health in the follow-up of military service inductees who were found to be afflicted with venereal disease. In the future plans are afoot to further experiment with the 5-day intensive treatment of syphilis, wider use of diagnostic facilities available through the department of health by private physicians and other clinics, improvement in reporting of disease, the extension of venereal-disease service into the field of industrial hygiene, and the use of visual education facilities.

Within the very near future it is hoped that new and more adequate facilities for the housing of the venereal-disease division of the Detroit Department of Health will be available at Receiving Hospital, where it is planned that the city shall construct a new building.

CLASSIFICATION OF TECHNICAL PERSONNEL

A list of the various classifications of technical personnel employed by the Detroit Department of Health is as follows:

Assistant dietitian.
Assistant industrial hygienist.
Associate industrial hygienist.
Associate physician, grade I.
Associate physician, grade II.
Dental clinic assistant.
Dietitian.
Director of dental service.
Director of health laboratories.
Head dietitian.
Head health complaint officer.
Head health inspector.
Head hospital nurse.
Head medical technologist.
Head public health nurse.
Intern.
Junior dentist.
Junior health inspector.
Junior industrial hygienist.
Junior medical technologist.
Junior physician.
Junior sanitary chemist.
Male venereal disease nurse.
Medical director.
Medical laboratory aide.
Medical laboratory helper.
Nutrition director.
Nutritionist.
Principal health complaint officer.
Principal health inspector.
Principal medical technologist.
Public health nurse, grade I.
Public health nurse, grade II.
Resident physician.
Senior general staff nurse.
Senior health inspector.
Senior industrial hygiene aide.
Senior medical technologist.
Senior physician.
Senior veterinary inspector.
Supervisor of hospital nurses.
Supervisor of public health nurses.
Superintendent of public health nurses.

and certain allied groups present a list as follows:

Institutional attendant (female).
Institutional attendant (male).
Medical attendant (female).
Medical attendant (male).
Senior medical attendant.
Trained nursing attendant.

Due largely to an increase in available employment which apparently has been caused by a marked increase in industrial activity and probably in part by the induction of young men into the military service and by the voluntary enlistment of certain professional and technical people, notable among which is the enlistment of nurses, physicians, dentists, veterinarians, engineers, and laboratory workers, some difficulty has been encountered in the replacement of professional and technical personnel after incumbents had left the service. This has been particularly true in the replacement of hospital nurses, physicians, engineers, and laboratory technicians.

PROBLEM OF OBTAINING PERSONNEL

Personnel for service with the department of health, except physicians, are requisitioned and supplied through the Detroit Civil Service Commission. This problem of securing personnel has, we believe, become a major problem with the civil service commission. The delay in securing adequate and competent personnel has become a material handicap to the functioning of the department. It has become necessary for the administrators of the health department to turn to the common council for assistance in this problem. Through this assistance there was created in the health department budget, provision for additional so-called medical attendants, both male and female positions, to assist in the care of patients at the Herman Kiefer Hospital and at the William H. Maybury Sanatorium. These persons, whose work is semitechnical in nature, may under adverse situations be trained to assume in part the responsibilities of nurses, thereby releasing for more technical work the few nurses which are available. In these endeavors the full cooperation of the honorable common council and the civil service commission has been received.

Employees are required to pass civil-service examinations before certification to the health department for employment, that is, all classifications of employees, with the exception of physicians. If. however, certain classifications of employees are not available through the eligible list of the civil service commission, the commission will grant permission to departments for the employment of temporary employees, who are placed on the pay roll as non-civil-service people, but who when civil-service examinations are given for the particular position which they occupy, are given the opportunity to take the examination with other applicants. Although not fully satisfactory, no great disadvantages have been experienced by the health department through these practices.

It is difficult to say how many nurses are available in Detroit or the metropolitan area. This question can best be answered by the Detroit Council of Community Nurses of which organization Miss Edna White, of the Merrill-Palmer School is president.

It is known to this department that during the current year approximately 200 additional persons will be admitted to nurses' training schools and further that through Federal and private subsidy refresher courses are available to older nurses in order that they may become better acquainted with the more modern methods and techniques of both hospital and public health nursing. It is expected that these persons taking refresher courses will be available for service with various public and nonofficial agencies.

TWO HOSPITALS

The health department operates two hospitals: the Herman Kiefer Hospital which cares for acute communicable diseases, tuberculosis, and obstetrics, and the William H. Maybury Sanatorium at Northville, Mich., 25 miles northwest of the city, for tuberculosis only. At the Herman Kiefer Hospital there are 810 beds for tuberculosis, 65 beds for maternity with the appropriate number of bassinets, and the balance of the total of 1,400 beds are available for various types of acute communicable diseases. The Maybury Sanatorium has 845 beds for tuberculosis only, making 1,655 beds available under the department of health in their own institutions for care of patients with this disease.

In addition to these beds, however, there are subsidized in 12 other institutions beds as needed for the care of tuberculosis patients, at the present time approximately 600 beds being in use. These are privately owned institutions. Some of them care only for tuberculosis; others are special wards in general hospitals.

There has been no serious shortage of beds in this field in Detroit for some time. At the present time we have a number of vacancies. Patients are admitted to the tuberculosis service on the authority of the health officer of any jurisdiction within the county of Wayne. If they are able in part to pay for these services they are expected to pay the county of Wayne. If they are indigent the county meets the full hospital cost.

Although Herman Kiefer Hospital and William H. Maybury Sanatorium are owned by the city of Detroit, the county of Wayne is by State law the responsible agency financially and pays the city a per diem rate for the care of tuberculosis patients, this rate for some time past having been $3.35 per day, but which will probably have to be increased owing to increased costs of operation prevailing at present. The county in turn receives $1.50 per day subsidy from the State of Michigan for tuberculosis patients.

Any patient found with active tuberculosis and needing hospital care is hospitalized on authority of the health officer and determination of settlement made later. If the patient is a resident of another county in Michigan his settlement is arrived at by correspondence between the two counties and if agreement cannot be reached the matter is referred to the State welfare board. In the case of persons coming from outside the State who have not established settlement in Wayne County, the county authorities attempt to arrange for the return of the patient to his former place of residence; this is frequently done at county expense—the patient being hospitalized during determination of the settlement.

In the case of patients with acute contagious diseases admitted to Herman Kiefer Hospital, these again are paid for by the county on a per diem basis but it is also possible to admit private full-pay cases who may be cared for by private physicians during their stay in the hospital. Those who are unable to pay the full rate or nothing at all are cared for by the staff of the hospital.

The beds available for acute contagious diseases have been quite adequate in recent years owing to the fact that preventive programs have cut down sharply on the numbers of diphtheria cases and certain other contagious diseases that formerly occurred in far greater number than they do now.

Because of the public health implications any acute contagious disease found in Wayne County may be admitted by the authority of the health officer at once to Herman Kiefer Hospital contagious division. The city of Highland Park maintains its own contagious disease hospital—otherwise the Herman Kiefer Hospital is the only one serving this area.

In the obstetrical division patients are all indigent and are admitted on the authority of the Detroit Welfare Department.

The Herman Kiefer Hospital employs approximately 820 employees at peak operation. The average occupancy of the hospital is around 1,100 patients. The William H. Maybury Sanatorium has 425 employees and has an average occupancy of slightly over 800 patients.

NO INCREASE IN HOSPITAL BEDS PLANNED

As far as the services for tuberculosis and contagious diseases are concerned in the Department of Health hospitals there has been no plan for any increase in hospital beds. The obstetrical service, however, at Herman Kiefer Hospital has been pushed to capacity for many years. Owing to the fact that the maternity divisions of all hospitals of the city of Detroit have been pushed practically to capacity for some months past it would appear that there may be a necessity for relief in the form of additional beds in this field. This increase has apparently not been so much for indigent persons, however, as most of the hospitals report that they are receiving either insurance payments for obstetrical cases or employed persons able to pay their expenses. We have also noted that the maternity services of the Detroit hospitals other than Herman Kiefer are being used by a number of nonresidents who come in to avail themselves of these services through payment of their own expenses.

A comparative study of the births in Detroit during June 1941, with June 1940, reveals that there were 162 more births in June 1941, than in June 1940, but of this increase 115 were nonresidents who came into the city for this service only. It is also interesting to note that there were 176 fewer births in the home during June 1941, than during June 1940—another indication that more persons are able to finance their care in the hospital inasmuch as the indigent service was not so sharply increased.

Office building and clinics—Detroit Department of Health—Areas in square feet of floor space

	Square feet
A. Offices: Main office: 3919 John R. St	16, 884
B. Health centers:	
1. Gratiot Health Center, 3506 Gratiot Ave	5, 493
2. St. Antoine Health Center, 1415 St. Antoine St. (2 floors)	5, 040
3. Davison Health Center, southwest corner Joseph Campau and Davison Ave	4, 800
4. Herman Kiefer Health Center, Herman Kiefer Hospital	4, 073
5. Grand River Health Center, 20641 Puritan Ave	2, 016
6. Michigan Health Center, southwest corner Junction and Rich Aves	2, 016
7. Delray Health Center, 1981 McKinstry Ave	2, 016
Health centers, subtotal	25, 454
C. Clinics (child welfare and prenatal):	
1. St Antoine, 1415 St. Antoine St	(1)
2. Gratiot, 3506 Gratiot (2,380 square feet)	(1)
3. Davison, southwest corner Joseph Campau and Davison Aves	(1)
4. Grand River, 20641 Puritan Ave	(1)
5. Michigan, southwest corner Junction and Rich	(1)
6. Delray, 1981 McKinstry Ave	(1)
7. Chestnut St. (Urban League Community House, colored)	[2] 200
8. Cottrell (Presbyterian Community House)	[2] 250
9. Brightmoor (Brightmoor Community House)	[2] 150
10. North End (Jewish Community Center, 936 Holbrook)	[2] 150
D. Venereal Disease Clinic: 1. 555 Clinton St	6, 958
E. Tuberculosis clinics:	
1. Herman Kiefer Hospital (not including hospital X-ray service space)	6, 050
2. 3521–25 Hastings St. (X-ray clinic)	2, 050
Subtotal	8, 100
Pertinent data:	
Office space tentatively allocated to board of health in Barlum Hotel	23, 500
Office building as tentatively proposed on Herman Kiefer Hospital grounds	40, 000
Proposed health-center buildings, approximate area of each unit	4, 850
Venereal clinic as planned in new addition to Receiving Hospital	10, 200

[1] Included in health center.
[2] Approximately.

Exhibit 12.—Migration and Public Welfare in Detroit

REPORT BY G. R. HARRIS, GENERAL SUPERINTENDENT, DEPARTMENT OF PUBLIC WELFARE, DETROIT, MICH.

September 22, 1941.

With three brief exceptions, migration into the city of Detroit seemed to parallel the gradual and steady migration process toward urban centers which has been going on throughout the United States since the Civil War. These three exceptions were (1) the period of granting of free land by the Federal Government in 1836 when Detroit population tripled in 3 years; (2) the period of industrial growth just prior to the World War; (3) and the period of growth of the great automotive industry immediately prior to 1929. The defense program marks a fourth period of this kind.

While migrant workers are attracted to Michigan to satisfy the seasonal labor demand in the (1) fruit orchards, (2) sugar-beet fields, (3) onion fields, (4) pulpwood camps, and (5) automotive factories, only the automobile worker stops in Detroit.

This migration has, in general, been individual in character—i. e., of individual families and individual workers—except perhaps during the period of recruiting industrial workers in other cities in the 1920's. Migration has been principally of young families and of young workers who were particularly adaptable for the streamlined type of industrial employment which was developing in Detroit faster than in any other community in the United States. One had only to walk along the streets of Detroit to notice how young was this city's population.

This problem of the migratory worker in Detroit is bound up inseparably and unmistakably with employment opportunities. "I heard there were jobs" is the universal reply to your inquiry "why did you come here?" Not only the fluctuating index of employment but also the practice of "hiring out of the line" at the factory gate makes it imperative that a worker present himself to be evaluated for the labor market at numerous factory employment offices throughout the city.

LEGAL AND FISCAL PROVISIONS FOR MIGRANT INDIGENT

Following the seasonal peaks of employment and during periods of mass lay-off in private industry, applications for relief are made by some of these families who have migrated to the city.

The earliest Michigan poor laws made it permissible for the township overseer of the poor and later for the superintendent of the pocr, to assist migrant non-settled families. Until December 1, 1939, legal settlement in Michigan was considered to be 12 months' uninterrupted residence without acceptance of public relief. At no time did the law cause a family to lose settlement in Michigan before gaining legal settlement elsewhere.

In the city of Detroit, the policy of accepting families for relief on the basis of need, irrespective of their place of legal settlement, has been outlined in the Manual of Policy of the department of public welfare:

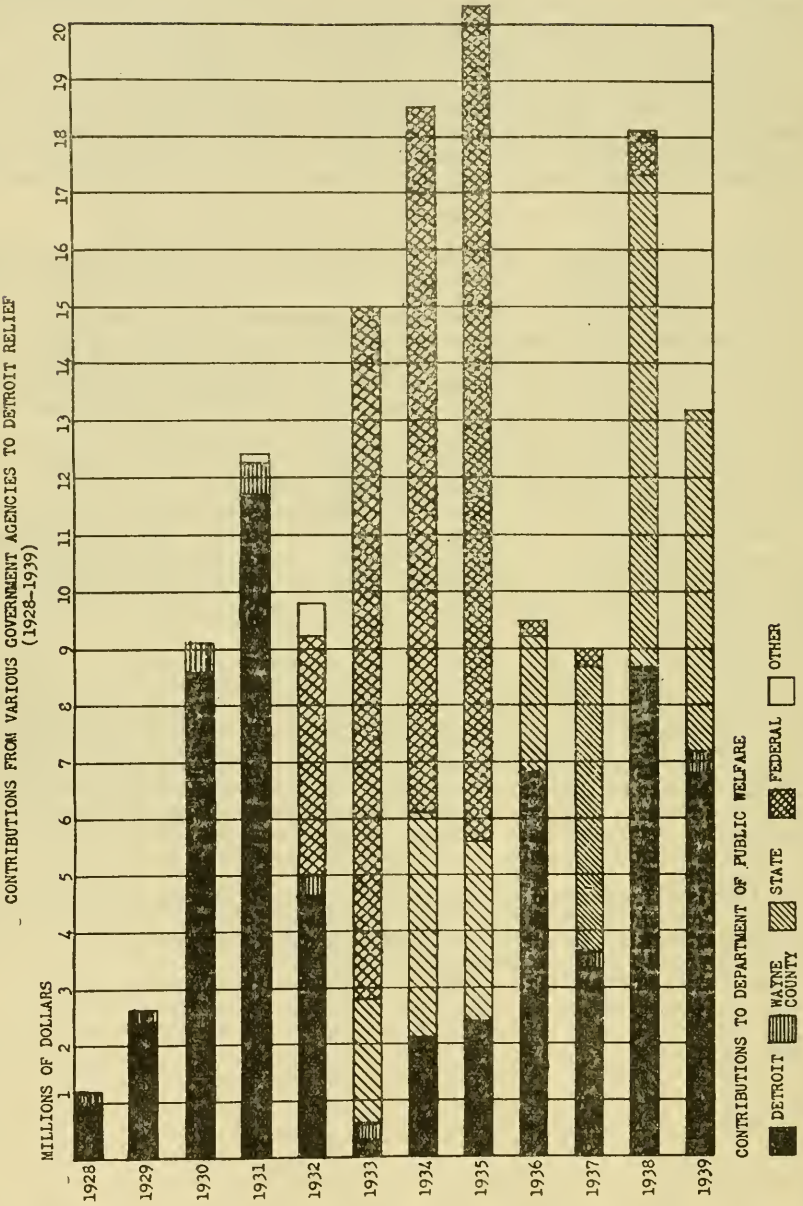
"The department of public welfare provides financial assistance and service to needy families and to unattached and homeless persons over 16 years of age. Because of the broad responsibility placed upon the department by the charter and the expectation of the community that the department will fulfill these responsibilities, a liberal interpretation has been placed upon the eligibility for care. Need has been considered the sole test of eligibility for those facilities which are available."

The department did not resort to undue restrictive policies at any time but followed the general practice of accepting the application on the basis of need, determining the place of legal settlement of the family, securing permission from the authorities in that community to return the family to its place of legal settlement, the furnishing of transportation to the place of legal settlement, and, if necessary, accompanying the family with necessary medical or social attendant.

While the city of Detroit, prior to 1932, assumed sole financial responsibility for care of resident indigents regardless of their place of legal settlement, it was the practice to "charge back" to other Michigan counties the amount expended for relief in Detroit to families whose legal settlement was acknowledged to be in those counties.

In 1932 local funds could no longer meet the relief demand, and Reconstruction Finance Corporation loans and grants were made, followed later by State and Federal participation through State Emergency Relief Administration and Federal Emergency Relief Administration.

This sharing of financial responsibility is illustrated by the following chart:



CONTRIBUTIONS FROM VARIOUS GOVERNMENT AGENCIES TO DETROIT RELIEF
(1928–1939)

Federal care for transients.—In August 1934 the State emergency relief administration organized a special bureau in Wayne County for the care of transient families and homeless men. Funds for the care of these individuals and families came as a grant to the State emergency relief administration from the Federal Emergency Relief Administration. A study of 157 families referred to that division by the department of public welfare in 1935 brought out the following conclusions.

Suitability of migrants for labor market.—"------ only 3 percent of the total number of family relief cases in the city of Detroit Department of Public Welfare, were "transients," i. e., had legal settlement outside the city of Detroit. In the study of 157 cases of nonsettled families who were receiving relief and who were referred to the Federal transient bureau at the time of its organization, 129 men who constituted the heads of these families show a high percentage of those elements which should indicate potential desirability as members of a community; 63, or 48.8 percent of these men were between the ages of 19 and 34—a period in life at which they can most readily adapt themselves to the modes of life of an industrial community and learn the skills necessary for economic adjustment; 39 men, or 30 percent, of the group were between the ages of 35 and 44." [1]

A study of the usual occupations or skills of the principal wage earners in these transient families showed in general a slightly higher percentage of skilled workers and foremen than did the general relief load at that time. Of these wage earners, 7 percent were white-collared workers; 29.3 percent were skilled workers and foremen; 21.6 percent were semiskilled workers; 31.2 percent were unskilled (including domestic and inexperienced), and only 10, or 0.8 percent, of these families had no wage earner or the skill of the wage earner could not be determined.

The foregoing study indicates that the workers in most of these nonsettled families were young, and skilled or semiskilled.

"The possession of industrial skills evident among this group of persons indicates that these migrants were not improvident wanderers from backwoods regions. This assumption is borne out in a study of their backgrounds and their root in the community. More than half of these families (52.2 percent) were original Detroit residents, most of whom had left Detroit at the beginning of the depression hoping to be able to weather a short period of unemployment by returning to farms or to the homes of relatives. Eight had purchased farms with savings or by trading their Detroit homes only to find it impossible to meet payments, 3 rented farms but were unable to maintain themselves, 8 returned to the old home farm while 6 secured farm employment, 2 found other kinds of work outside of Wayne County, 20 went to live with relatives until conditions should improve, and 11 looked for work from State to State." [1]

Of these 157 families, 51.6 percent were originally Detroit residents; 57.3 percent had relatives in Detroit, and in 17.8 percent of the families, the wage earner had a job in Detroit before sending for his family. Only 17 percent of these 157 families were strangers to Detroit before coming into the city to secure employment.

Their place of origin indicates that for the most part, these migrant workers came to Detroit from other industrial centers, i. e., that migration was in general not direct from rural life to Detroit but through the intermediate stage of life in an industrial community.

LOCAL CARE OF MIGRANT FAMILIES

When the Federal Emergency Relief Administration was discontinued in 1936, the Detroit Department of Public Welfare continued its responsibility for nonsettled families who were in need in the city of Detroit as it had done prior to the organization of the Federal Emergency Relief Administration. Not only did the department accept responsibility for those nonsettled families who made application for assistance but it was also the official agency for furnishing transportation to the place of legal settlement for clients of any public or private agency within the city of Detroit.

During the fiscal year beginning July 1, 1937, and ending June 30, 1938, the Detroit Department of Public Welfare furnished transportation to the place of legal settlement for 1,052 families. The point of destination of these 1,052 cases is listed as follows:

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[1] Taken from thesis by Helen Gibson LaCroix, the Adjustment of Transient Families in Detroit.

States to which families were given transportation by the Department of Public Welfare, Detroit

States:	Number of cases
Alabama	83
Arizona	2
Arkansas	41
California	27
Colorado	3
Connecticut	3
District of Columbia	4
Delaware	0
Florida	20
Georgia	48
Idaho	3
Illinois	48
Indiana	29
Iowa	11
Kansas	4
Kentucky	56
Louisiana	14
Maine	3
Maryland	5
Massachusetts	12
Michigan	83
Minnesota	19
Mississippi	14
Missouri	63
Montana	3
Nebraska	3
Nevada	0
New Hampshire	4
New Jersey	11
New Mexico	1
New York	50
North Carolina	17
North Dakota	5
Ohio	77
Oklahoma	9
Oregon	2
Pennsylvania	65
Rhode Island	2
South Carolina	15
South Dakota	3
Tennessee	89
Texas	29
Utah	3
Vermont	0
Virginia	11
Washington	7
West Virginia	26
Wisconsin	20
Wyoming	1
Canada	4
Total	1, 052

The following chart indicates the destination of the 1,052 families who were given transportation to their place of legal residence by the Detroit Department of Public Welfare during the fiscal year 1937–38.

The policy of the department of accepting applications of families on the basis of need without discrimination because of legal settlement made it possible to study the ratio of such families to the total number of families receiving relief. For this study, the month of August 1938 was selected since during that month there was a sharp drop in employment in Detroit industry following what had been a "good" year, initial unemployment compensation benefits were being paid in Michigan, and Works Progress Administration employment quotas remained at about the same level. This month, August 1938, would seem to give a more complete picture of needy migrant families in relation to the total number of families receiving relief. This was also a month in which many of the conditions were similar to those which Detroit faces at the present time.

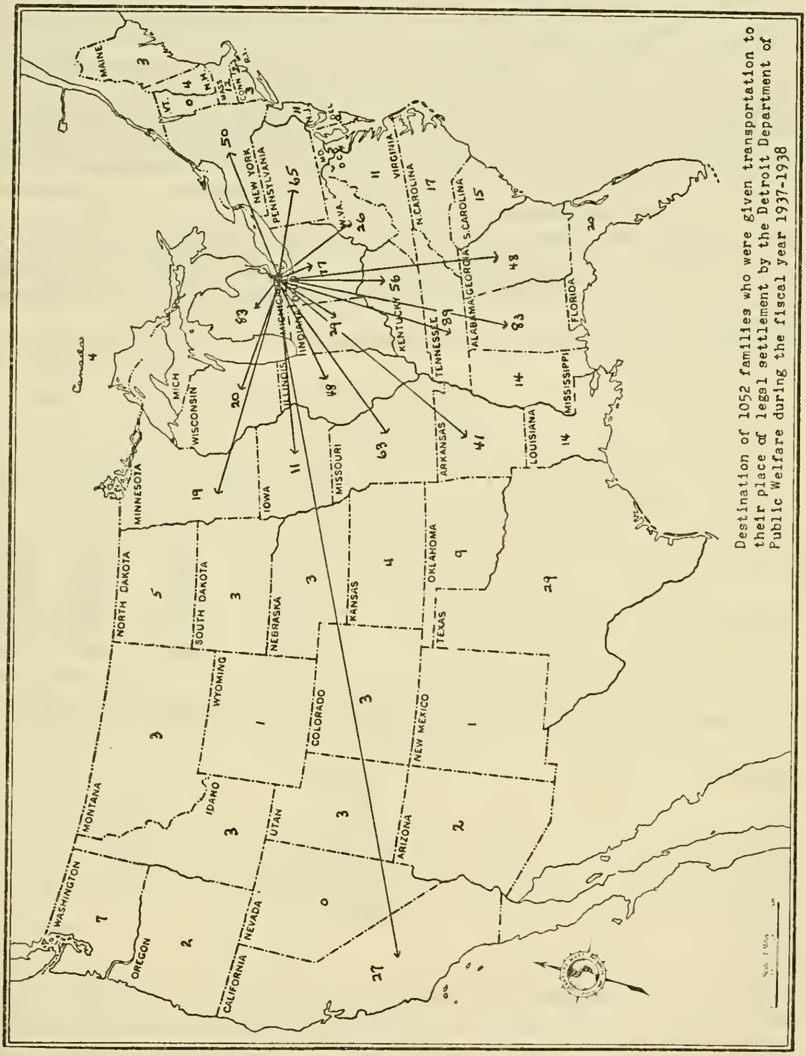
The huge lay-off in industry resulted in a relief case load of 50,602 families in August 1938. In 39,482 (78 percent) of these families, the principal wage earner was Detroit born, or had come to Detroit prior to 1930. In only 302 families had the wage earner arrived in Detroit in 1938, and 1,722 had come in 1937, a year of stimulated employment.

A study of the ages of these workers, heads of families, male or female, shows that 518 were under 20 years of age; 9,412 were between 20 and 29; 14,580 were between 30 and 39; while 26,092 (51 percent) of these wage earners were 40 years of age or older. (See charts attached.)

Many of these heads of families who were 65 years of age were to be eligible for old-age assistance as soon as applications were current, and some were to be eligible for social security and survivors' benefits.

It was not possible to study the place in which each of these families lived just prior to their coming to Detroit. However, the place of birth of the heads of each family was recorded and showed that of 50,602 families receiving relief in August 1938, 14,547 were foreign-born; and 9,880 were born in Detroit or elsewhere in Michigan.

The neighboring States of Ohio, Illinois, and Indiana were the place of birth of 2,148 family heads; New York or Pennsylvania was the birth place of 3,478, while the Southern States of Georgia, Alabama, Tennessee, Kentucky, and Mississippi were the States of origin of many hundreds more. (See attached chart.)


Canada
4
MAINE
3
VT.
0
N.H.
4
MASS
12
CONN
3
R.I.
N.J.
11
DEL
8
MD.
D.C.
NEW YORK
50
PENNSYLVANIA
65
VIRGINIA
11
W.VA.
26
OHIO
17
N.CAROLINA
17
S.CAROLINA
15
GEORGIA
48
FLORIDA
20
ALABAMA
83
TENNESSEE
89
KENTUCKY
56
INDIANA
29
MICH
83
ILLINOIS
48
WISCONSIN
20
MINNESOTA
19
IOWA
11
MISSOURI
63
ARKANSAS
41
MISSISSIPPI
14
LOUISIANA
14
TEXAS
29
OKLAHOMA
9
KANSAS
4
NEBRASKA
3
SOUTH DAKOTA
3
NORTH DAKOTA
5
MONTANA
3
WYOMING
1
COLORADO
3
NEW MEXICO
1
ARIZONA
2
UTAH
3
IDAHO
3
NEVADA
0
CALIFORNIA
27
OREGON
2
WASHINGTON
7

Destination of 1052 families who were given transportation to their place of legal settlement by the Detroit Department of Public Welfare during the fiscal year 1937-1938

The place of last employment of the principal male wage earners in these 50,602 families was, of course, closely associated with manufacturing.

I. Male heads of families:	
(1) From auto manufacturing	10, 773
(2) From body manufacturing	3, 337
(3) From other manufacturing	19, 939
(4) No recent employment (illness, etc.)	2, 938
II. Female heads of families	13, 615

While the relief load was high, the intake and suspension chart of August 1938 shows that the number of wage earners leaving relief rolls to be absorbed by the automotive industry was almost identical with the number of workers who were accepted for relief coming from the automotive industry.

Wayne County care for migrant families.—On December 1, 1939, Act No. 280 of the Michigan Public Acts of 1939 removed the responsibility for the care of nonsettled families who were in need from the Detroit Department of Public Welfare to the newly organized Wayne County Department of Social Welfare. Since that time all nonsettled families making application for assistance are referred to the Wayne County Department of Social Welfare.

Care of homeless men (State and city).—The bureau of homeless and unattached continued as it was organized in 1935 to be operated by the Detroit Department of Public Welfare. At the present time, this bureau is financed entirely with contributions from the State Department of social welfare excepting a small administrative expense.

The number of men under care and their legal settlement classification is shown in the following chart:

Legal settlement of men at the bureau of homeless and unattached, Jan. 1, 1937, to June 30, 1941

Calendar year	Local settlement	State settlement	Federal transients	Total
1937	11, 619	872	6, 963	19, 454
1938	20, 291	353	1, 793	22, 437
1939	14, 404	262	913	15, 579
1940	19, 426	305	1, 483	21, 214
1941 (6 months)	7, 420	215	848	8, 483
Total	73, 160	2, 007	12, 000	87, 167

Place of legal settlement of transient men in shelter, bureau of homeless and unattached Sept. 18, 1941

Michigan	6	Connecticut	1
Illinois	9	Texas	1
Ohio	8	Missouri	1
Tennessee	6	New Jersey	1
Pennsylvania	4	New York	1
Oklahoma	3	Massachusetts	1
West Virginia	2	Mississippi	1
Alabama	2	Wisconsin	1
Colorado	1		
California	1	Total	52

Mr. T. K. Fortney, director of the bureau of homeless and unattached, has made the following observations; in general, 75 percent of the nonsettled single men who make application at the lodge, hitchhike in by highway or by railroad. Most of the colored transients travel by rail. Of these transient workers, only about 10 percent of those who hitchhike are skilled or semiskilled, and the majority of them are either under 25 or over 50 years of age. These hitchhikers have poor industrial employment records; 95 percent have no birth certificates which are important to secure employment; and the majority of them apply for relief immediately upon arriving in the city. The above indicates that the hitchhikers are seeking employment with no reserve of capital or employment history or skill.

Of those 25 percent of the applicants who paid for their transportation, 40 percent are skilled or semiskilled; the majority are about 40 years of age; they have fair employment history; and about 50 percent have birth records. These men apply for assistance from 3 days to 5 weeks after their arrival in Detroit, which indicates that they have more reserve in capital, in skill and employment history, and have more knowledge of the requirements for industrial employment.

MEDICAL AND HOSPITAL CARE (CITY OF DETROIT)

In accordance with the policy of granting relief on the basis of need, irrespective of legal settlement, the city of Detroit meets the medical needs on the same basis through the following hospitals: Receiving (emergency, mental, and general); Herman Kiefer (communicable diseases, acute tuberculosis, maternity); Maybury Sanatorium (tuberculosis sanatorium); Eloise Hospital (Wayne County institution, accepts transfers from city of Detroit).

Receiving Hospital is a 650-bed hospital, 200 beds of which are segregated for services to mental patients and police prisoners. The remainder consists of general medical and surgical beds, of which 39 are assigned to children, 13 to 24-hour emergency service, and the balance divided approximately equally between medicine and surgery.

Emergency service is given to any patient, regardless of settlement or financial ability to pay. If the patient is found to be financially competent, he is billed for the services rendered. If the patient is a minor indigent resident, the cost of his care is assumed by the city of Detroit. If the patient is an adult indigent resident, the city of Detroit is reimbursed for services rendered in accordance with the Afflicted Adult Act of the State of Michigan. Reimbursement is made by the county of Wayne. Emergency nonsettled patients are provided for at city of Detroit expense.

The following statement was furnished by Dr. Bruce H. Douglas, health commissioner of the city of Detroit.

The health department operates two hospitals: The Herman Kiefer Hospital which cares for acute communicable diseases, tuberculosis, and obstetrics, and the William H. Maybury Sanatorium at Northville, Mich., 25 miles northwest of the city, for tuberculosis only. At the Herman Kiefer Hospital there are 810 beds for tuberculosis, 65 beds for maternity with the appropriate number of bassinets, and the balance of the total of 1,400 beds are available for various types of acute communicable diseases. The Maybury Sanatorium has 845 beds for tuberculosis only, making 1,655 beds available under the department of health in their own institutions for care of patients with this disease.

In addition to these beds, however, there are subsidized in 12 other institutions beds as needed for the care of tuberculosis patients; at the present time approximately 600 beds being in use. These are privately owned institutions. Some of them care only for tuberculosis; others are special wards in general hospitals.

There has been no serious shortage of beds in this field in Detroit for some time. At the present time we have a number of vacancies. Patients are admitted to the tuberculosis service on the authority of the health officer of any jurisdiction within the county of Wayne. If they are able in part to pay for these services they are expected to pay the county of Wayne. If they are indigent the county meets the full hospital cost.

Although Herman Kiefer Hospital and William H. Maybury Sanatorium are owned by the city of Detroit, the county of Wayne is by State law the responsible agency financially and pays the city a per diem rate for the care of tuberculosis patients, this rate for some time past having been $3.35 per day, but which will probably have to be increased owning to increased costs of operation prevailing at present. The county in turn receives $1.50 per day subsidy from the State of Michigan for tuberculosis patients.

Any patient found with active tuberculosis and needing hospital care is hospitalized on authority of the health officer and determination of settlement made later. If the patient is a resident of another county in Michigan his settlement is arrived at by correspondence between the two counties and if agreement cannot be reached the matter is referred to the State welfare board. In the case of persons coming from outside the State who have not established settlement in Wayne County, the county authorities attempt to arrange for the return of the patient to his former place of residence; this is frequently done at county expense—the patient being hospitalized during determination of the settlement.

In the case of patients with acute contagious diseases admitted to Herman Kiefer Hospital, these again are paid for by the county on a per diem basis but it is also possible to admit private full-pay cases who may be cared for by private physicians during their stay in the hospital. Those who are unable to pay the full rate or nothing at all are cared for by the staff of the hospital.

The beds available for acute contagious diseases have been quite adequate in recent years owing to the fact that preventive programs have cut down sharply on the number of diphtheria cases and certain other contagious diseases that formerly occurred in far greater number than they do now.

Because of the public-health implications any acute contagious disease found in Wayne County may be admitted by the authority of the health officer at once to Herman Kiefer Hospital contagious division. The city of Highland Park maintains its own contagious-disease hospital—otherwise the Herman Kiefer Hospital is the only one serving this area.

In the obstetrical division patients are all indigent and are admitted on the authority of the Detroit Welfare Department.

The Herman Kiefer Hospital employs approximately 820 employees at peak operation. The average occupancy of the hospital is around 1,100 patients. The William H. Maybury Sanatorium has 425 employees and has an average occupancy of slightly over 800 patients.

As far as the services for tuberculosis and contagious diseases are concerned in the department of health hospitals there has been no plan for any increase in hospital beds. The obstetrical service, however, at Herman Kiefer Hospital has been pushed to capacity for many years. Owing to the fact that the maternity divisions of all hospitals of the city of Detroit have been pushed practically to capacity for some months past it would appear that there may be a necessity for relief in the form of additional beds in this field. This increase has apparently not been so much for indigent persons, however, as most of the hospitals report that they are receiving either insurance payments for obstetrical cases or employed persons able to pay their expenses. We have also noted that the maternity services of the Detroit hospitals other than Herman Kiefer are being used by a number of nonresidents who come in to avail themselves of these services through payment of their own expenses.

A comparative study of the births in Detroit during June 1941 with June 1940, reveals that there were 162 more births in June 1941 than in June 1940, but of this increase 115 were nonresidents who came into the city for this service only. It is also interesting to note that there were 176 less births in the home during June 1941 than during June 1940—another indication that more persons are able to finance their care in the hospital inasmuch as the indigent service was not so sharply increased.

HOUSING

With peak periods of employment, it has been the experience of the department of public welfare that the securing and maintaining of proper housing for its clients becomes extremely difficult. This was true in 1918, 1929, 1935, and there is a comparable situation today.

In 1937 and 1938 the vacancy ratio of dwellings in Detroit was well over 5 percent, and the welfare clients were able to find and to maintain dwelling accommodations. During 1939 and 1940 there were few evictions and clients were in a position to negotiate with landlords for rentals without the assistance of the department. At present, the Detroit Real Estate Board estimates the vacancy ratio at approximately 1 percent.

During the years of 1937, 1938, 1939, and 1940 the average shelter allowance granted by the department ranged from $21 to $22.50 with little variation being shown through the years. This average rental covered all types of dwelling units—single, multidwellings, furnished rooms, and apartments.

However, within the past 6 months, numerous demands have been made by landlords for rental increases from 10 to 25 percent covering all types of dwellings, but particularly single dwellings housing individual families.

In the past, a greater percentage of relief families occupied multiple dwellings and single dwellings, but today, because of the shortage of such dwellings relief families are forced to occupy rooms and apartments.

There is a marked increase in the number of evictions being served on welfare families. At the present time, it appears that the reason for this increase in evictions is that the landlords prefer nonrelief families as tenants, even though the department of public welfare will pay the rent asked by the landlord.

The Detroit Housing Commission has set up a homes registration division, instituted primarily to obtain housing for defense workers and those in allied industries.

Recent reports of this division indicate that the majority of accommodations offered are of the single furnished-room type, with little accommodation being available for family units.

The lack of suitable housing for families of limited income, the continued activity of the department of health and the department of building and safety engineering in razing substandard dwellings, increases the problem of maintaining relief families in any type of dwelling accommodation. In those buildings not razed, extensive repairs have been made by landlords and the cost of these repairs is met by an increase in the rental.

In the past, it has been the policy of the department of public welfare to maintain emergency shelters to provide for evicted families. At the present time, these emergency shelters are taxed to the limit of their capacity.

One source of housing, however, that has been made available to the department is that offered by the Detroit housing committee in the Detroit housing projects throughout the city. Allowance is made up to 15 percent of the occupancy for relief families in all categories of relief, including aid to dependent children, aid to the blind, old-age assistance, general relief, and Work Projects Administration.

EMPLOYMENT SERVICE

Since 1918, the welfare department maintained an employment service for its clients. Every employable applicant for relief registered at this office at regular intervals and prospective employers called the office offering jobs. This service was replaced in 1938 by the Michigan State Employment Service.

All applicants for relief (since 1938) were required to register for employment at the Michigan State Employment Service office and upon registering, were directed to whatever jobs were available in private industry.

However, the practice of "hiring out of the line" in industry seems to short circuit Michigan State Employment Service in a great many instances. For this reason, the Department of Public Welfare has found it necessary to continue on a smaller scale its direct contact with individual employment offices. It is believed at this time that this service in the department will be considerably expanded in the near future. At the present time, the employment service consists of (*a*) personal contacts with industrial management, as well as utilities, retail stores, and other commercial enterprises; (*b*) lists of all persons who have obtained employment or reemployment from the employers so that they can be checked to the welfare records; (*c*) employment lay-offs can be anticipated in advance through information obtained from these contacts to assist the department in intelligently planning for the financial requirements of the future; (*d*) employment service acts as a liaison between the Michigan State Employment Service, National Youth Administration, private employers, and other agencies on all matters of employment.

CONCLUSIONS

Migration is a problem of unemployment. So eager are migrants for work that they will leave all home ties and strike out across the miles at the mere rumor of jobs.

Any practice which would restrain or depress free migration into Detroit would involve the free labor market.

Migration to Detroit coincides with high index of employment in the automotive industry. Migrants leave Detroit in great numbers when automobile factories close.

The national patchwork of laws which relate to legal settlement are confusing and conflicting. Efforts directed toward uniformity among States in their nonsettlement laws would be of great assistance in meeting the migration problem.

Migration to Detroit is individual in character, is "young"; is semiskilled; and originates in nearby States of small industrial centers and in Eastern and Southern States.

The migrant worker takes the "shock" of a shifting labor market with little or no help or protection from the labor market or the community which needs his labor.

Local industrial centers cannot bear the burden of expense during heavy industrial lay-off periods without the provision of financial assistance from Federal sources.

August 1938—Case load—Intake and suspensions—Year came to city by employment group

	Intake					Suspensions					
	Auto manufacturing	Auto body manufacturing	Other employment	Other	Total	Auto manufacturing	Auto body manufacturing	Other employment	Work Projects Administration	Other	Total
Year came to city:											
Born or came prior to 1930	1, 156	420	2, 232	472	4, 280	1, 003	220	1, 159	4, 314	11, 497	18, 193
Born or came in 1930	10	3	56	6	75	9		17	108	187	321
Born or came in 1931	9	4	33	6	52	8	2	13	61	149	233
Born or came in 1932	14	10	37	7	68	4	4	22	84	216	330
Born or came in 1933	32	8	57	14	111	18	7	26	129	359	539
Born or came in 1934	27	15	102	7	151	23	8	62	175	566	834
Born or came in 1935	38	13	132	27	210	15	7	64	279	501	866
Born or came in 1936	27	10	225	30	292	20	5	72	419	669	1, 185
Born or came in 1937	19	3	251	39	312	13	2	88	320	394	817
Born or came in 1938	12	1	46	20	79	6		7	48	76	137
Not stated	1		4	83	88	7	3		36	987	1, 033
Total	1, 345	487	3, 175	711	5, 718	1, 126	258	1, 530	5, 973	[1] 15, 601	24, 488

[1] Includes suspensions due to "Receiving unemployment compensation benefits."

Prepared by statistical division, department of public welfare, city of Detroit, Sept. 22, 1941.

Cases under care August 1938 by year came to city; by employment group; by State or country of birth

Year to city	Came prior to 1930						
Employment group [1]	1	2	3	4	Total	Women [2]	Total
Alabama	291	64	550	89	994	780	1, 774
Arizona	1	1	1	4	7		7
Arkansas	71	18	151	16	256	181	437
California	11	2	16	4	33	7	40
Colorado	9	2	13	3	27	11	38
Connecticut	15	9	37	4	65	14	79
Delaware	3		7		10	2	12
District of Columbia	3	1	15	1	20	7	27
Florida	40	17	97	16	170	119	289
Georgia	411	99	793	154	1, 457	1, 307	2, 764
Idaho		1	1	1	3		3
Illinois	209	55	354	56	674	235	909
Indiana	161	51	213	33	458	167	625
Iowa	42	11	67	10	130	43	173
Kansas	22	6	46	5	79	31	110
Kentucky	204	77	348	67	696	327	1, 023
Louisiana	54	9	111	14	188	103	291
Maine	8	2	19	1	30	10	40
Maryland	21	2	38	9	70	20	90
Massachusetts	48	17	105	15	185	41	226
Michigan	1, 475	653	3, 644	448	6, 220	2, 169	8, 389
Minnesota	35	8	61	10	114	29	143
Mississippi	136	34	218	54	442	338	780
Missouri	99	26	212	19	356	134	490
Montana	6	3	8	4	21	8	29
Nebraska	7	2	17	1	27	9	36
Nevada			1		1		1
New Hampshire	12	3	15	2	32	5	37
New Jersey	21	12	47	12	92	23	115
New Mexico	2		6	3	11	3	14
New York	170	60	338	80	648	189	837
North Carolina	69	14	162	21	266	123	389
North Dakota	11	3	12	3	29	7	36
Ohio	232	69	524	83	908	374	1, 282
Oklahoma	30	7	38	5	80	40	120
Oregon	1	1	6		8		8
Pennsylvania	476	135	656	65	1, 332	345	1, 677
Rhode Island	7	1	8	2	18	8	26
South Carolina	143	27	286	33	489	312	801
South Dakota	8	2	7		17	6	23
Tennessee	241	86	446	50	823	455	1, 278
Texas	53	15	110	16	194	91	285
Utah	2		2		4		4
Vermont	8	3	10	1	22	4	26
Virginia	55	16	114	22	207	106	313

[1] Code: 1—Auto industry. 2—Body manufacturing. 3—Other manufacturing and employment. 4—Other.

[2] Heads of families.

Cases under care August 1938 by year came to city; by employment group; by State or country of birth—Continued

Year to city	Came prior to 1930—Continued						
Employment group	1	2	3	4	Total	Women	Total
Washington	4	4	10		18	1	19
West Virginia	45	16	75	19	155	88	243
Wisconsin	47	11	83	12	153	50	203
Wyoming		1	2		3	4	7
State not stated			2		2		2
Foreign-born	3, 805	905	4, 956	975	10, 641	2, 153	12, 794
Not stated	11	5	23	55	94	24	118
Total	8, 835	2, 566	15, 081	2, 497	28, 979	10, 503	39, 482

Year to city	Came in 1930						
Employment group	1	2	3	4	Total	Women	Total
Alabama	10	2	19	2	33	25	58
Arkansas	2		9		11	13	24
California			1		1	1	2
Colorado						1	1
Connecticut	1		1		2	1	3
District of Columbia	2		1		3		3
Florida	1				1	5	6
Georgia	6	4	27	3	40	33	73
Illinois	4	5	17	2	28	4	32
Indiana	4	2	5		11	4	15
Iowa			1		1	2	3
Kansas			1		1		1
Kentucky			8		8	15	23
Louisiana	2		2	2	6	2	8
Maryland			2		2	1	3
Massachusetts			3		3	4	7
Michigan	18	4	31	4	57	33	90
Minnesota		1	1	1	3	3	6
Mississippi	3	2	7		12	13	25
Missouri	1	1	2		4	4	8
Montana	1				1		1
Nebraska						1	1
New York	5	2	10	2	19	4	23
North Carolina	2	2	4	1	9	5	14
Ohio	6	3	16	4	29	9	38
Oklahoma	2				2	1	3
Oregon	1		3		4		4
Pennsylvania	8	6	21	1	36	9	45
South Carolina		1	9	1	11	5	16
Tennessee	1	4	12	1	18	17	35
Texas	1	1	2		4	1	5
Virginia	2		4	1	7	5	12
Washington			1		1		1
West Virginia	3		1		4	3	7
Wisconsin	2				2	1	3
Foreign-born	49	11	73	16	149	42	119
Not stated						2	2
Total	137	51	294	41	523	269	792

Year to city	Came in 1931						
Employment group	1	2	3	4	Total	Women	Total
Alabama	3		9	1	13	10	23
Arkansas	4		4		8	6	14
California						1	1
Colorado			1		1		1
Connecticut			2		2	1	3
Delaware			1		1		1
District of Columbia			1		1		1
Florida	1				1	3	4
Georgia	6	2	14	2	24	29	53
Illinois	4	2	5	1	12	9	21
Indiana	5		6	3	14	8	22
Iowa	1	1	2	1	5	2	7
Kansas			2		2	2	4
Kentucky	3	1	9	2	15	5	20
Louisiana			2		2	1	3
Maine				1	1		1

Cases under care August 1938 by year came to city; by employment group; by State or country of birth—Continued

Year to city	Came in 1931—Continued						
Employment group	1	2	3	4	Total	Women	Total
Massachusetts	1		5		6	2	8
Michigan	12	4	23	6	45	19	64
Minnesota	1		1		2		2
Mississippi	4		1	1	6	10	16
Missouri	2		6		8	3	11
Montana			1		1	1	2
Nebraska			1		1	1	2
New Hampshire	1				1		1
New Jersey		1			1	1	2
New York	7		6	1	14	4	18
North Carolina			4		4	6	10
North Dakota						1	1
Ohio	4	6	9	1	20	10	30
Oklahoma	1				1	3	4
Pennsylvania	12	2	16	2	32	12	44
South Carolina		2	4	2	8	16	24
South Dakota		1			1		1
Tennessee	3		10		13	12	25
Texas		1	4		5	3	8
Virginia		1	3		4	1	5
West Virginia	2	1	2		5	1	6
Wisconsin			1	1	2	1	3
Foreign-born	38	9	36	18	101	27	128
Total	115	34	191	43	383	211	594

Year to city	Came in 1932						
Employment group	1	2	3	4	Total	Women	Total
Alabama	3	3	19		25	18	43
Arizona		1	1		2		2
Arkansas	3		8		11	6	17
California		1			1	1	2
Colorado	1		1		2		2
Connecticut			1		1		1
Delaware		1			1		1
District of Columbia						1	1
Florida	1	1	4		6	3	9
Georgia	5	2	9	2	18	33	51
Illinois	5	1	16	1	23	14	37
Indiana	6	1	6		13	3	16
Iowa	3		2	2	7	2	9
Kansas	1		1		2	1	3
Kentucky	6	4	8	1	19	11	30
Louisiana	1		2	1	4	5	9
Maine	1	1			2		2
Maryland			1		1	1	2
Massachusetts						1	1
Michigan	29	14	30	6	79	26	105
Minnesota			3	1	4	1	5
Mississippi			10	1	11	17	28
Missouri	1	1	5		7	6	13
Montana			2		2		2
Nebraska						3	3
New Jersey	1	1	1		3		3
New York	3	1	6	3	13	5	18
North Carolina			3	1	4	4	8
North Dakota			1		1		1
Ohio	6	2	15	1	24	14	38
Oklahoma	1		1		2	3	5
Pennsylvania	21	1	9	2	33	17	50
South Carolina	3		3	2	8	9	17
Tennessee	7	4	12		23	12	35
Texas			5		5	5	10
Virginia		1	2	1	4	1	5
Washington			1		1		1
West Virginia	5		3		8		8
Wisconsin	4		2	1	7	3	10
Foreign-born	35	11	50	15	111	32	143
Not stated						1	1
Total	152	52	243	41	488	259	747

Cases under care August 1938 by year came to city; by employment group; by State or country of birth—Continued

Year to city	Came in 1933						
Employment group	1	2	3	4	Total	Women	Total
Alabama	8	1	27	4	40	29	69
Arizona	---	---	1	---	1	---	1
Arkansas	5	1	9	2	17	5	22
California	---	---	1	---	1	---	1
Colorado	---	---	---	---	---	2	2
Florida	1	1	4	---	6	6	12
Georgia	13	4	16	2	35	28	63
Illinois	16	8	17	3	44	3	47
Indiana	8	1	16	2	27	10	37
Iowa	2	1	1	---	4	3	7
Kansas	2	---	3	---	5	1	6
Kentucky	18	4	15	1	38	11	49
Louisiana	---	2	1	---	3	3	6
Maine	---	---	1	---	1	---	1
Maryland	---	---	1	---	1	2	3
Massachusetts	1	---	5	1	7	1	8
Michigan	49	9	47	6	111	47	158
Minnesota	3	1	2	---	6	---	6
Mississippi	2	2	11	1	16	19	35
Missouri	4	3	6	1	14	6	20
Montana	---	---	1	---	1	---	1
Nebraska	---	---	---	---	---	2	2
Nevada	---	---	---	---	---	1	1
New Hampshire	---	---	---	---	---	1	1
New Jersey	1	---	4	1	6	---	6
New Mexico	---	---	1	---	1	---	1
New York	3	7	10	---	20	7	27
North Carolina	1	2	5	---	8	6	14
North Dakota	2	---	---	---	2	---	2
Ohio	15	6	21	2	44	24	68
Oklahoma	2	1	4	1	8	---	8
Pennsylvania	22	11	30	4	67	18	85
Rhode Island	---	---	1	---	1	1	2
South Carolina	3	2	13	---	18	7	25
South Dakota	---	---	1	---	1	1	2
Tennessee	15	5	28	1	49	13	62
Texas	3	---	4	---	7	6	13
Utah	---	---	1	---	1	---	1
Vermont	---	1	---	---	1	---	1
Virginia	3	---	7	1	11	3	14
West Virginia	5	1	2	---	8	4	12
Wisconsin	---	1	6	---	7	1	8
Foreign-born	44	13	61	16	134	21	155
Total	251	88	384	49	772	292	1,064

Year to city	Came in 1934						
Employment group	1	2	3	4	Total	Women	Total
Alabama	13	6	37	2	58	42	100
Arkansas	10	5	14	1	30	16	46
California	---	---	3	---	3	---	3
Colorado	2	---	3	---	5	1	6
Connecticut	---	---	2	---	2	---	2
District of Columbia	---	---	---	---	---	2	2
Florida	---	4	6	1	11	3	14
Georgia	8	4	33	5	50	44	94
Illinois	23	9	32	1	65	15	80
Indiana	11	9	17	1	38	8	46
Iowa	---	2	2	---	4	3	7
Kansas	4	2	8	---	14	2	16
Kentucky	32	23	28	4	87	30	117
Louisiana	1	---	6	1	8	3	11
Maine	---	---	---	---	---	1	1
Maryland	1	---	1	---	2	---	2
Massachusetts	2	4	3	1	10	1	11
Michigan	55	29	79	9	172	62	234
Minnesota	3	3	---	---	6	5	11
Mississippi	5	2	17	4	28	21	49
Missouri	9	7	8	2	26	5	31
Montana	---	---	1	---	1	2	3
Nebraska	1	---	---	---	1	---	1
New Hampshire	---	---	---	---	---	1	1
New Jersey	---	1	---	---	1	5	6
New York	12	5	15	1	33	9	42
North Carolina	2	2	9	2	15	7	22

Cases under care August 1938 by year came to city; by employment group; by State or country of birth—Continued

Year to city	Came in 1934—Continued						
Employment group	1	2	3	4	Total	Women	Total
North Dakota	2		2		4		4
Ohio	14	19	36	3	72	24	96
Oklahoma	1		1		2	1	3
Oregon			2		2		2
Pennsylvania	25	18	39	2	84	14	98
Rhode Island	1		1		2		2
South Carolina	6		13		19	13	32
South Dakota	1				1	2	3
Tennessee	15	10	34	4	63	21	84
Texas	4	1	6		11	10	21
Utah		1			1		1
Vermont		1			1	1	2
Virginia	2	1	2		5	7	12
Washington	1	1	1		3	1	4
West Virginia	10	3	1	1	15	4	19
Wisconsin	3	4	5		12	1	13
Foreign-born	46	28	96	12	182	43	225
Not stated						1	1
Total	325	204	563	57	1, 149	431	1, 580

Year to city	Came in 1935						
Employment group	1	2	3	4	Total	Women	Total
Alabama	10	4	69	6	89	64	153
Arkansas	8	3	22		33	23	56
California	1		3		4	1	5
Colorado	2				2	1	3
Connecticut	2		1		3	2	5
Delaware			3		3		3
District of Columbia		1			1	1	2
Florida	1		7	2	10	5	15
Georgia	9	7	63	2	81	77	158
Idaho						1	1
Illinois	11	6	29	1	47	12	59
Indiana	5	8	20	1	34	9	43
Iowa	2		5		7	5	12
Kansas	1		7		8	6	14
Kentucky	16	5	32	1	54	27	81
Louisiana	2		19	2	23	8	31
Maine			1		1		1
Maryland	1		2	1	4		4
Massachusetts	2	1	8		11	5	16
Michigan	56	21	72	10	159	61	220
Minnesota	4	5	9	1	19		19
Mississippi	12	5	25	1	43	24	67
Missouri	3	6	23	3	35	10	45
Montana				1	1		1
Nebraska	1		2		3		3
New Hampshire			1		1		1
New Jersey	2		2		4	2	6
New Mexico						1	1
New York	6	1	23	2	32	5	37
North Carolina	2	2	7		11	5	16
North Dakota			3		3		3
Ohio	15	9	40	6	70	13	83
Oklahoma	1	3	9		13	7	20
Pennsylvania	26	9	46	1	82	19	101
Rhode Island			1		1		1
South Carolina	6	2	18	1	27	13	40
Tennessee	14	5	42	2	63	43	106
Texas			14		14	6	20
Utah				1	1		1
Vermont	1				1	1	2
Virginia	1		9		10	6	16
Washington		1			1		1
West Virginia	5	2	13		20	6	26
Wisconsin	2	2	3	1	8	5	13
Wyoming			1		1		1
Foreign-born	51	27	102	11	191	34	225
Total	281	135	756	57	1, 229	508	1, 737

Cases under care August 1938 by year came to city; by employment group; by State or country of birth—Continued

Year to city	Came in 1936						
Employment group	1	2	3	4	Total	Women	Total
Alabama	11	3	125	1	140	66	206
Arizona			1		1		1
Arkansas	8	4	51		63	23	86
California			1		1		1
Colorado	2		3		5		5
Connecticut	1		1		2		2
Delaware	2				2		2
Florida	1		14	1	16	11	27
Georgia	11	5	107	2	125	68	193
Illinois	22	8	55	1	86	24	110
Indiana	11	5	30	2	48	16	64
Iowa	2	2	13		17	2	19
Kansas	3		14		17	5	22
Kentucky	22	3	58	4	87	25	112
Louisiana	3	1	16	1	21	7	28
Maine	3		1		4	1	5
Maryland			3		3		3
Massachusetts	5	2	6		13	2	15
Michigan	64	17	112	11	204	65	269
Minnesota	4	5	12	1	22	5	27
Mississippi	9	5	56	2	72	33	105
Missouri	10	3	31	1	45	16	61
Montana	1	2		1	4		4
Nebraska		2	2		4	1	5
New Hampshire		1			1		1
New Jersey	2		4		6	1	7
New Mexico			2		2		2
New York	10	2	16		28	7	35
North Carolina	2	3	16	1	22	8	30
North Dakota	2		2		4		4
Ohio	17	10	57	3	87	15	102
Oklahoma	4		8		12	6	18
Pennsylvania	37	14	80	2	133	21	154
South Carolina	1		30	2	33	16	49
South Dakota	1	2	1		4		4
Tennessee	13	8	94	4	119	41	160
Texas	8		6	1	15	8	23
Utah			2		2		2
Vermont			1		1		1
Virginia	4	1	17	2	24	8	32
Washington			3		3		3
West Virginia	8	1	11		20	9	29
Wisconsin	1	1	11		13	6	19
Wyoming			1		1		1
Foreign-born	69	9	148	11	237	50	287
Not stated						2	2
Total	374	119	1,222	54	1,769	568	2,337

Year to city	Came in 1937						
Employment group	1	2	3	4	Total	Women	Total
Alabama	2	1	94	2	99	37	136
Arizona			1		1		1
Arkansas	3	1	33		37	14	51
California	1		1		2	2	4
Colorado	1		2	1	4		4
Connecticut			1		1		1
Delaware			1		1		1
District of Columbia						1	1
Florida	2		10		12	2	14
Georgia	2		76	1	79	39	118
Illinois	12	5	33	1	51	9	60
Indiana	4	3	27	4	38	6	44
Iowa	2	1	8		11	5	16
Kansas	2		5	1	8	2	10
Kentucky	6	3	52	1	62	18	80
Louisiana			18	1	19	6	25
Maine			1		1		1
Maryland			3		3	2	5
Massachusetts			5		5	2	7
Michigan	45	12	101	10	168	56	224
Minnesota	1		13		14	2	16
Mississippi	1		43		44	15	60
Missouri	1	2	25	2	30	13	43

Cases under care August 1938 by year came to city; by employment group; by State of country of birth—Continued

Year to city	Came in 1937—Continued						
Employment group	1	2	3	4	Total	Women	Total
Montana	1				1	1	2
Nebraska			5		5		5
New Jersey	1		4	1	6	1	7
New Mexico			1		1	1	2
New York	4	2	15	3	24	6	30
North Carolina			9		9	5	14
North Dakota	1		1		2	1	3
Ohio	7	4	55	2	68	12	80
Oklahoma			17		17	2	19
Pennsylvania	23	6	68	7	104	11	115
Rhode Island	1	1	1		3	1	4
South Carolina	1		32	2	35	10	45
South Dakota	1		2		3		3
Tennessee	10	4	63	1	78	27	105
Texas	1		15	1	17	8	25
Vermont			1		1		1
Virginia		1	15		16	6	22
Washington						1	1
West Virginia		2	16		18	3	21
Wisconsin	1		5		6	3	9
Foreign-born	67	14	141	12	234	53	287
Total	204	62	1,019	53	1,338	384	1,722

Year to city	Came in 1938[1]						
Employment group	1	2	3	4	Total	Women	Total
Alabama			1	1	2	5	7
Arkansas			2	1	3	2	5
California						1	1
Colorado	1				1	1	2
Florida						2	2
Georgia	1		3		4	5	9
Illinois	6	2	8	1	17	3	20
Indiana	1		4	1	6	2	8
Iowa			4		4	1	5
Kansas						1	1
Kentucky	3	1	3		7	5	12
Louisiana			1		1	2	3
Maryland				1	1		1
Massachusetts			1	1	2	2	4
Michigan	18	3	28	6	55	24	79
Minnesota			2		2		2
Mississippi			2	1	3	4	7
Missouri		2	5	1	8		8
New Hampshire			1		1		1
New York	1		2	2	5	2	7
North Carolina			1		1		1
North Dakota						1	1
Ohio	2	1	11		14	6	20
Oklahoma			1		1	1	2
Pennsylvania	8	1	8		17	6	23
South Carolina						1	1
Tennessee	2		7	2	11	2	13
Texas			4		4	1	5
Vermont	1				1		1
Virginia			1		1	1	2
West Virginia			3		3	2	5
Wisconsin			1		1		1
Foreign-born	9	2	17	5	33	10	43
Total	53	12	121	23	209	93	302

Year to city	Year not stated						
Employment group	1	2	3	4	Total	Women	Total
Alabama			2		2	6	8
Arkansas			1	1	2	4	6
District of Columbia				1	1		1
Georgia	1		3		4	10	14

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[1] Part of year only.

Cases under care August 1938 by year came to city; by employment group; by State or country of birth—Continued

Year to city	Year not stated—Continued						
Employment group	1	2	3	4	Total	Women	Total
Idaho	2			1	3		3
Illinois	1	1	1		3	4	7
Indiana		1			1	1	2
Kansas						1	1
Kentucky	1		1		2	3	5
Louisiana		1			1	4	5
Massachusetts	1	1	3	3	8	1	9
Michigan	12	2	10	3	27	21	48
Mississippi	3		2	1	6	1	7
Missouri	4	1	3	1	9	3	12
Montana						1	1
Nevada	2				2		2
New Hampshire		1			1		1
New Jersey	1				1		1
New York	1	1	1		3	2	5
North Carolina						2	2
North Dakota			1		1	1	2
Ohio	1				1	6	7
Oklahoma	1				1		1
Oregon		1	4		5		5
Pennsylvania	1		1	1	3	4	7
South Carolina				1	1	1	2
Tennessee			1	3	4		4
Texas	1				1		1
Virginia			2		2	1	3
Wisconsin				1	1	1	2
Foreign-born	14	3	29	6	52	17	69
Not stated						2	2
Total	47	13	65	23	148	97	245

Year to city	Grand total						
Employment group	1	2	3	4	Total	Women	Total
Alabama	351	84	952	108	1,495	1,082	2,577
Arizona	1	2	5	4	12		12
Arkansas	114	32	304	21	471	293	764
California	13	3	26	4	46	14	60
Colorado	18	2	23	4	47	17	64
Connecticut	19	9	46	4	78	18	96
Delaware	5	1	12		18	2	20
District of Columbia	5	2	17	2	26	12	38
Florida	48	23	142	20	233	159	392
Georgia	473	127	1,144	173	1,917	1,673	3,590
Idaho	2	1	1	2	6	1	7
Illinois	313	102	567	68	1,050	332	1,382
Indiana	216	81	344	47	688	234	922
Iowa	54	18	105	13	190	68	258
Kansas	35	8	87	6	136	52	188
Kentucky	311	121	562	81	1,075	477	1,552
Louisiana	63	13	178	22	276	144	420
Maine	12	3	23	2	40	12	52
Maryland	23	2	51	11	87	26	113
Massachusetts	60	25	144	21	250	62	312
Michigan	1,833	768	4,177	519	7,297	2,583	9,880
Minnesota	51	23	104	14	192	45	237
Mississippi	175	50	392	66	683	496	1,179
Missouri	134	52	326	30	542	200	742
Montana	9	5	13	6	33	13	46
Nebraska	9	4	27	1	41	17	58
Nevada	2		1		3	1	4
New Hampshire	13	5	17	2	37	7	44
New Jersey	29	15	62	14	120	33	153
New Mexico	2		10	3	15	5	20
New York	222	81	442	94	839	240	1,079
North Carolina	78	25	220	26	349	171	520
North Dakota	18	3	22	3	46	11	57
Ohio	319	129	784	105	1,337	507	1,844
Oklahoma	43	11	79	6	139	64	203
Oregon	2	2	15		19		19
Pennsylvania	659	203	974	87	1,923	476	2,399
Rhode Island	9	2	12	2	25	10	35
South Carolina	163	34	408	44	649	403	1,052
South Dakota	11	5	11		27	9	36
Tennessee	321	126	749	68	1,264	643	1,907

Cases under care August 1938 by year came to city; by employment group; by State or country of birth—Continued

Year to city	Came prior to 1931—Continued						
Employment group	1	2	3	4	Total	Women	Total
Texas	71	18	170	18	277	139	416
Utah	2	1	5	1	9		9
Vermont	10	5	12	1	28	6	34
Virginia	67	21	176	27	291	145	436
Washington	5	6	16		27	3	30
West Virginia	83	26	127	20	256	120	376
Wisconsin	60	19	117	16	212	72	284
Wyoming		1	4		5	4	9
State not stated			2		2		2
Foreign-born	4, 227	1, 032	5, 709	1, 097	12, 065	2, 482	14, 547
Not stated	11	5	23	55	94	32	126
Total	10, 774	3, 336	19, 939	2, 938	36, 987	13, 615	50, 602

Prepared by statistical division, department of public welfare, city of Detroit, Sept. 22, 1941.

Cases under care August 1938 by age of head; by employment group; by State or country of birth

Age of head	60 and over						
Employment group	1	2	3	4	Total	Women	Total
Alabama	7	2	43	39	91	64	155
Arizona				1	1		1
Arkansas			14	7	21	16	37
California			2	3	5	3	8
Connecticut	2		1	1	4	2	6
Delaware			1		1		1
District of Columbia						1	1
Florida			3	7	10	8	18
Georgia	9	1	53	69	132	113	245
Idaho				1	1		1
Illinois	6		30	34	70	22	92
Indiana	13	1	23	23	60	28	88
Iowa	1		5	4	10	7	17
Kansas			3	6	9	4	13
Kentucky	7	4	36	40	87	30	117
Louisiana			12	6	18	3	21
Maine	1		4	2	7	2	9
Maryland	1		3	5	9	8	17
Massachusetts	1		7	8	16	6	22
Michigan	40	11	162	213	426	269	695
Minnesota			3	6	9	3	12
Mississippi	2	1	14	31	48	29	77
Missouri	2		11	10	23	12	35
Montana				1	1		1
Nebraska			3		3	2	5
Nevada			1		1		1
New Hampshire	1		1	1	3	1	4
New Jersey			2	8	10		10
New Mexico				1	1		1
New York	3	2	33	49	87	39	126
North Carolina	2	1	10	11	24	11	35
North Dakota	1				1		1
Ohio	11	3	57	62	133	61	194
Oklahoma			4	1	5	1	6
Pennsylvania	14	4	38	31	87	40	127
Rhode Island				1	1	1	2
South Carolina	4	1	23	16	44	25	69
Tennessee	4	2	25	35	66	40	106
Texas			4	3	7	6	13
Vermont			1		1		1
Virginia	2		14	14	30	17	47
West Virginia	1	1	2	12	16	8	24
Wisconsin	4		8	9	21	7	28
Wyoming						1	1
Foreign-born	203	49	594	593	1, 439	456	1, 895
Not stated			3	7	10		10
Total	342	83	1, 253	1, 371	3, 049	1, 346	4, 395

Cases under care August 1938 by age of head; by employment group; by State or country of birth—Continued

Age of head	50 to 59						
Employment group	1	2	3	4	Total	Women	Total
Alabama	40	1	88	25	154	143	297
Arkansas	8		27	4	39	28	67
California		1	4		5	1	6
Colorado			3	1	4		4
Connecticut	1	2	3		6	3	9
Delaware			3		3		3
District of Columbia	2		2	1	5	1	6
Florida	4	1	13	3	21	13	34
Georgia	46	5	114	38	203	219	422
Illinois	28	2	83	10	123	31	154
Indiana	18	6	39	10	73	36	109
Iowa	9		14	3	26	12	38
Kansas	7		8		15	4	19
Kentucky	21	11	75	15	122	79	201
Louisiana	7	1	21	5	34	27	61
Maine	1		6		7	2	9
Maryland	3		6	2	11	4	15
Massachusetts	7	1	24	1	33	10	43
Michigan	160	40	524	98	822	409	1, 231
Minnesota	2	1	15	1	19	7	26
Mississippi	18	2	53	16	89	71	160
Missouri	7	1	48	3	59	34	93
Montana			3	2	5	2	7
Nebraska	1		7		8	5	13
New Hampshire			2		2	2	4
New Jersey	1		8	1	10	6	16
New Mexico			1		1		1
New York	28	5	74	18	125	45	170
North Carolina	8	1	28	6	43	25	68
North Dakota	1		1	1	3	2	5
Ohio	28	10	136	13	187	89	276
Oklahoma	2	1	5	1	9	3	12
Oregon			1		1		1
Pennsylvania	51	10	103	15	179	60	239
Rhode Island	1		4		5	1	6
South Carolina	17	2	42	8	69	57	126
South Dakota	1		1		2		2
Tennessee	28	3	71	13	115	75	190
Texas	4		23	4	31	17	48
Vermont			2		2	1	3
Virginia	9	3	34	5	51	27	78
Washington			3		3		3
West Virginia	6		15	2	23	14	37
Wisconsin	2	5	10	2	19	10	29
Wyoming			2		2		2
Foreign-born	949	187	1, 817	240	3, 193	634	3, 827
Not stated	3		5	12	20	1	21
Total	1, 530	302	3, 569	580	5, 981	2, 211	8, 192

Age of head	40 to 49						
Employment group	1	2	3	4	Total	Women	Total
Alabama	117	11	208	17	353	234	587
Arizona			1	3	4		4
Arkansas	31	4	62	3	100	52	152
California	5	1	5	1	12	4	16
Colorado	4		2		6	6	12
Connecticut	7		15	3	25	3	28
Delaware	1				1	2	3
District of Columbia	1	1	8		10	3	13
Florida	18	5	36	5	64	38	102
Georgia	146	19	277	27	469	386	855
Idaho	1				1		1
Illinois	85	17	112	13	227	79	306
Indiana	65	14	80	6	165	39	204
Iowa	15	3	24	2	44	15	59
Kansas	7	3	15		25	12	37
Kentucky	89	15	121	14	239	131	370
Louisiana	26	1	48	5	80	33	113
Maine	3	1	6		10	3	13
Maryland	10	2	17	2	31	8	39
Massachusetts	23	4	35	5	67	15	82

Cases under care August 1938 by age of head; by employment group; by State or country of birth—Continued

Age of head	40 to 49—Continued						
Employment group	1	2	3	4	Total	Women	Total
Michigan	528	121	816	82	1,547	534	2,081
Minnesota	15	3	17	4	39	12	51
Mississippi	55	11	102	7	175	117	292
Missouri	46	6	60	4	116	39	155
Montana	2	1	2	1	6	4	10
Nebraska	2	---	8	1	11	3	14
New Hampshire	6	1	6	1	14	---	14
New Jersey	9	5	12	---	26	6	32
New Mexico	1	---	2	1	4	3	7
New York	67	17	108	14	206	60	266
North Carolina	27	5	55	3	90	28	118
North Dakota	6	---	4	1	11	1	12
Ohio	104	20	167	16	307	103	410
Oklahoma	12	---	15	3	30	11	41
Oregon	---	---	4	---	4	---	4
Pennsylvania	159	28	180	15	382	97	479
Rhode Island	3	1	2	---	6	2	8
South Carolina	62	9	100	11	182	95	277
South Dakota	4	1	1	---	6	3	9
Tennessee	96	20	189	8	313	139	452
Texas	22	4	48	7	81	39	120
Utah	3	---	---	---	3	---	3
Vermont	3	3	3	---	9	1	10
Virginia	19	4	52	5	80	36	116
Washington	2	1	8	---	11	1	12
West Virginia	20	2	33	2	57	20	77
Wisconsin	20	4	28	2	54	25	79
Wyoming	---	---	1	---	1	---	1
Foreign-born	1,974	441	1,945	195	4,555	770	5,325
Not stated	5	2	8	15	30	10	40
Total	3,926	811	5,042	504	10,283	3,222	13,505

Age of head	30 to 39						
Employment group	1	2	3	4	Total	Women	Total
Alabama	156	39	332	14	541	367	908
Arizona	1	2	---	---	3	---	3
Arkansas	56	16	99	4	175	106	281
California	8	1	11	---	20	1	21
Colorado	8	1	13	1	23	7	30
Connecticut	8	---	7	---	15	4	19
Delaware	4	1	4	---	9	---	9
District of Columbia	2	---	4	---	6	1	7
Florida	23	5	42	3	73	49	122
Georgia	243	50	370	24	687	535	1,222
Idaho	---	---	---	---	---	1	1
Illinois	163	47	164	11	385	104	489
Indiana	108	47	108	5	268	84	352
Iowa	29	5	32	3	69	23	92
Kansas	17	3	34	---	54	16	70
Kentucky	151	59	187	6	403	138	541
Louisiana	29	8	67	3	107	46	153
Maine	7	2	5	---	14	5	19
Maryland	9	---	18	1	28	6	34
Massachusetts	27	12	40	7	86	19	105
Michigan	910	263	921	51	2,145	625	2,770
Minnesota	25	12	31	3	71	11	82
Mississippi	90	20	108	8	226	165	391
Missouri	65	27	95	3	190	56	246
Montana	5	3	4	---	12	2	14
Nebraska	6	3	5	---	14	4	18
New Hampshire	6	3	5	---	14	2	16
New Jersey	16	4	17	---	37	9	46
New Mexico	1	---	2	1	4	1	5
New York	109	25	114	7	255	53	308
North Carolina	39	10	81	4	134	61	195
North Dakota	7	2	7	---	16	6	22
Ohio	144	58	198	6	406	139	545
Oklahoma	26	9	27	1	63	35	98
Oregon	11	6	14	---	31	5	36
Pennsylvania	360	82	287	17	746	152	898
Rhode Island	5	1	3	---	9	1	10

Cases under care August 1938 by age of head; by employment group; by State or country of birth—Continued

Age of head	30 to 39—Continued						
Employment group	1	2	3	4	Total	Women	Total
South Carolina	73	14	135	6	228	137	365
South Dakota	4	1	5	----------	10	4	14
Tennessee	169	70	270	3	512	218	730
Texas	38	13	62	4	117	47	164
Utah	1	----------	2	1	4	----------	4
Vermont	5	----------	2	1	8	2	10
Virginia	36	8	49	2	95	41	136
Washington	3	2	3	----------	8	----------	8
West Virginia	34	12	33	3	82	36	118
Wisconsin	30	3	38	3	74	18	92
Wyoming	----------	----------	----------	----------	----------	2	2
Foreign-born	1, 040	267	898	58	2, 263	460	2, 723
Not stated	3	3	3	14	23	10	33
Total	4, 314	1, 215	4, 962	274	10, 765	3, 815	14, 580

Age of head	20 to 29						
Employment group	1	2	3	4	Total	Women	Total
Alabama	31	31	275	9	346	256	602
Arizona	----------	----------	3	----------	3	----------	3
Arkansas	19	12	100	1	132	82	214
California	----------	----------	4	----------	4	3	7
Colorado	5	1	5	2	13	3	16
Connecticut	2	7	20	----------	29	8	37
Delaware	----------	----------	4	----------	4	----------	4
District of Columbia	----------	1	3	----------	4	6	10
Florida	3	12	47	1	63	45	108
Georgia	29	50	318	12	409	388	797
Idaho	1	1	1	1	4	----------	4
Illinois	26	40	171	2	239	82	321
Indiana	12	13	91	1	117	46	163
Iowa	----------	10	29	1	40	11	51
Kansas	4	2	26	----------	32	13	45
Kentucky	42	32	140	6	220	92	312
Louisiana	1	3	30	2	36	32	68
Maine	----------	----------	2	1	3	----------	3
Maryland	----------	----------	7	----------	7	1	8
Massachusetts	12	11	50	3	76	19	95
Michigan	174	329	1, 660	28	2, 191	655	2.846
Minnesota	9	7	37	----------	53	13	66
Mississippi	10	17	111	5	143	106	249
Missouri	14	16	108	8	146	53	199
Montana	2	1	4	2	9	5	14
Nebraska	----------	1	4	----------	5	3	8
Nevada	2	----------	----------	----------	2	1	3
New Hampshire	----------	1	3	----------	4	2	6
New Jersey	3	6	20	5	34	7	41
New Mexico	----------	----------	6	----------	6	1	7
New York	14	31	111	4	160	43	203
North Carolina	2	8	43	1	54	41	95
North Dakota	3	2	12	1	18	6	24
Ohio	30	38	220	6	294	106	400
Oklahoma	3	1	27	----------	31	13	44
Oregon	4	1	9	----------	14	2	16
Pennsylvania	61	73	350	6	490	112	602
Rhode Island	----------	----------	3	1	4	5	9
South Carolina	7	8	106	4	125	78	203
South Dakota	2	3	5	----------	10	4	14
Tennessee	24	31	186	6	247	158	405
Texas	5	2	29	----------	36	27	63
Utah	----------	1	3	----------	4	1	5
Vermont	1	2	4	----------	7	2	9
Virginia	1	6	28	----------	35	22	57
Washington	----------	3	2	----------	5	2	7
West Virginia	21	10	41	1	73	36	109
Wisconsin	3	7	33	----------	43	12	55
Wyoming	----------	1	3	----------	4	----------	4
Foreign-born	60	88	451	9	608	148	756
Not stated	----------	----------	3	7	10	9	19
Total	642	920	4, 948	137	6, 647	2, 765	9, 412

Cases under care August 1938 by age of head; by employment group; by State or country of birth—Continued

Age of head	Under 20						
Employment group	1	2	3	4	Total	Women	Total
Alabama	----------	----------	6	4	10	18	28
Arkansas	----------	----------	2	2	4	9	13
California	----------	----------	1	----------	1	1	2
Florida	----------	----------	1	1	2	6	8
Georgia	----------	2	13	3	18	31	49
Illinois	1	----------	2	3	6	14	20
Indiana	----------	----------	3	2	5	1	6
Iowa	----------	----------	1	----------	1	----------	1
Kansas	----------	----------	1	----------	1	3	4
Kentucky	1	----------	3	----------	4	7	11
Louisiana	----------	----------	----------	1	1	3	4
Michigan	11	1	84	44	140	80	220
Minnesota	----------	----------	1	----------	1	2	3
Mississippi	----------	1	4	----------	5	7	12
Missouri	----------	----------	1	1	2	6	8
New Jersey	----------	----------	3	----------	3	1	4
New York	1	1	1	2	5	1	6
North Carolina	----------	----------	3	1	4	4	8
Ohio	1	----------	5	2	8	5	13
Oklahoma	----------	----------	----------	----------	----------	1	1
Pennsylvania	----------	1	4	3	8	8	16
South Carolina	----------	----------	4	----------	4	12	16
Tennessee	----------	----------	5	1	6	12	18
Texas	1	----------	2	----------	3	3	6
Virginia	----------	----------	2	1	3	1	4
Washington	1	----------	----------	----------	1	4	5
West Virginia	1	----------	1	----------	2	1	3
Foreign-born	1	----------	10	2	13	14	27
Not stated	----------	----------	1	----------	1	1	2
Total	19	6	164	73	262	256	518

Under care case load August 1938—heads of families by age group, by employment group, by year came to city

	Age 60 and over						
Employment group [1]	1	2	3	4	Total	Women [2]	Total
Year came to city:							
Born or came to Detroit prior to 1930	322	77	1,087	1,215	2,701	1,098	3,799
Came in 1930	2	----------	22	13	37	25	62
Came in 1931	3	1	10	17	31	29	60
Came in 1932	2	1	14	25	42	27	69
Came in 1933	2	1	11	17	31	26	57
Came in 1934	1	----------	14	28	43	33	76
Came in 1935	1	2	19	16	38	32	70
Came in 1936	4	1	30	22	57	36	93
Came in 1937	3	----------	31	11	45	24	69
Came in 1938	1	----------	5	5	11	11	22
Not stated	1	----------	10	2	13	5	18
Total	342	83	1,253	1,371	3,049	1,346	4,395

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[1] For code see p. 7618.
[2] Heads of families.

Under care case load August 1938—heads of families by age group, by employment group, by year came to city—Continued

	Age 50 to 59						
Employment group	1	2	3	4	Total	Women	Total
Year came to city:							
Born or came to Detroit prior to 1930	1,419	262	3,106	508	5,295	1,863	7,158
Came in 1930	11	3	36	10	60	39	99
Came in 1931	7	3	32	10	52	30	82
Came in 1932	4	6	30	8	48	37	85
Came in 1933	12	3	34	8	57	37	94
Came in 1934	22	9	50	7	88	45	133
Came in 1935	10	6	62	14	92	48	140
Came in 1936	22	4	103	5	134	44	178
Came in 1937	20	5	97	5	127	43	170
Came in 1938	2	1	8		11	9	20
Not stated	1		12	4	17	16	33
Total	1,530	302	3,570	579	5,981	2,211	8,192

	Age 40 to 49						
Employment group	1	2	3	4	Total	Women	Total
Year came to city:							
Born or came to Detroit prior to 1930	3,507	700	4,113	434	8,754	2,685	11,439
Came in 1930	40	8	68	12	128	57	185
Came in 1931	31	3	41	6	81	33	114
Came in 1932	35	17	51	3	106	46	152
Came in 1933	35	11	71	10	127	45	172
Came in 1934	54	32	119	7	212	69	281
Came in 1935	58	22	128	7	215	89	304
Came in 1936	86		224	10	320	92	412
Came in 1937	56	14	186	7	263	69	332
Came in 1938	9		23	2	34	17	51
Not stated	15	4	18	6	43	20	63
Total	3,926	811	5,042	504	10,283	3,222	13,505

	Age 30 to 39						
Employment group	1	2	3	4	Total	Women	Total
Year came to city:							
Born or came to Detroit prior to 1930	3,517	891	3,377	217	8,002	2,922	10,924
Came in 1930	44	22	102	6	174	72	246
Came in 1931	53	13	62	7	135	64	199
Came in 1932	73	15	81	3	172	83	255
Came in 1933	124	47	147	5	323	86	409
Came in 1934	146	84	194	5	429	133	562
Came in 1935	105	57	242	8	412	151	563
Came in 1936	144	55	402	3	604	164	768
Came in 1937	70	25	310	13	418	91	509
Came in 1938	21	4	33	2	60	22	82
Not stated	17	2	12	5	36	27	63
Total	4,314	1,215	4,962	274	10,765	3,815	14,580

Under care case load August 1938—heads of families by age group, by employment group, by year came to city—Continued

	Age 20 to 29						
Employment group	1	2	3	4	Total	Women	Total
Year came to city:							
Born or came to Detroit prior to 1930	56	631	3, 288	71	4, 046	1, 760	5, 806
Came in 1930	40	18	63		121	73	194
Came in 1931	20	14	44	2	80	53	133
Came in 1932	38	13	65	2	118	62	180
Came in 1933	77	26	115	9	227	91	318
Came in 1934	101	79	184	9	373	147	520
Came in 1935	107	48	299	12	466	177	643
Came in 1936	118	58	452	9	637	210	847
Came in 1937	54	19	381	10	464	136	600
Came in 1938	18	7	44	7	76	29	105
Not stated	13	7	13	6	39	27	66
Total	642	920	4, 948	137	6, 647	2, 765	9, 412

	Under 20						
Employment group	1	2	3	4	Total	Women	Total
Year came to city:							
Born or came to Detroit prior to 1930	14	5	110	52	181	175	356
Came in 1930			3		3	3	6
Came in 1931	1		2	1	4	2	6
Came in 1932			2		2	4	6
Came in 1933	1		6		7	7	14
Came in 1934	1		2	1	4	4	8
Came in 1935			6		6	11	17
Came in 1936		1	11	5	17	22	39
Came in 1937			14	7	21	21	42
Came in 1938	2		8	7	17	5	22
Not stated						2	2
Total	19	6	164	73	262	256	518

	Grand total						
Employment group	1	2	3	4	Total	Women	Grand total
Year came to city:							
Born or came to Detroit prior to 1930	8, 835	2, 566	15, 081	2, 497	28, 979	10, 503	39, 482
Came in 1930	137	51	294	41	523	269	792
Came in 1931	115	34	191	43	383	211	594
Came in 1932	152	52	243	41	488	259	747
Came in 1933	251	88	384	49	772	292	1, 064
Came in 1934	325	204	563	57	1, 149	431	1, 580
Came in 1935	281	135	756	57	1, 229	508	1, 737
Came in 1936	374	119	1, 222	54	1, 769	568	2, 337
Came in 1937	203	63	1, 019	53	1, 338	384	1, 722
Came in 1938	53	12	121	23	209	93	302
Not stated	47	13	65	23	148	97	245
Total	10, 773	3, 337	19, 939	2. 938	36, 987	13, 615	50, 602

Under care case—Intake by month—Year of 1938—Year came to city and reason for intake

Period ending	Week ending Jan. 6	Jan. 13	Jan. 20	Jan. 27	Feb. 3	Feb. 10	Feb. 17
Intake:							
Born in Detroit or came to Detroit prior to 1930					2,493	2,934	3,633
Came to Detroit in 1930					52	38	57
Came to Detroit in 1931					33	36	50
Came to Detroit in 1932					60	56	64
Came to Detroit in 1933					84	81	116
Came to Detroit in 1934					141	141	181
Came to Detroit in 1935					161	173	239
Came to Detroit in 1936					245	255	263
Came to Detroit in 1937					116	109	108
Came to Detroit in 1938					6	2	3
Not stated	2,036	2,317	2,612	5,634	53		
Total intake	2,036	2,317	2,612	5,634	3,444	3,825	4,714
Intake from auto and allied industry	908	1,083	1,290	3,053	1,933	2,412	2,852
Intake from other industry	949	1,045	1,099	2,046	1,240	1,198	1,608
Total from private industry	1,857	2,128	2,389	5,099	3,173	3,610	4,460
Total from Work Projects Administration	37	42	74	114	100	86	63
Total unemployment	1,894	2,170	2,463	5,213	3,273	3,696	4,523
Total other than unemployment	142	147	149	421	171	129	191
Total intake	2,036	2,317	2,612	5,634	3,444	3,825	4,714
Case load, end of period	22,842	23,146	24,555	29,622	32,759	35,774	39,075

Period ending	Feb. 24	Mar. 3	Mar. 10	Mar. 17	Mar. 24	Mar. 31	Apr. 7
Intake:							
Born in Detroit or came to Detroit prior to 1930	3,288	3,082	2,563	3,043	3,103	2,912	2,906
Came to Detroit in 1930	71	59	51	55	63	62	54
Came to Detroit in 1931	53	49	44	37	42	38	35
Came to Detroit in 1932	53	62	56	58	53	55	64
Came to Detroit in 1933	106	100	101	96	115	86	79
Came to Detroit in 1934	157	144	101	135	129	171	136
Came to Detroit in 1935	177	149	131	168	150	161	172
Came to Detroit in 1936	277	249	218	242	269	248	216
Came to Detroit in 1937	121	109	92	135	126	134	139
Came to Detroit in 1938	3	4	8	9	10	10	9
Not stated							
Total intake	4,306	4,007	3,365	3,978	4,060	3,877	3,810
Intake from auto and allied industry	2,418	2,011	1,521	1,808	1,943	1,934	1,890
Intake from other industry	1,634	1,662	1,404	1,631	1,653	1,550	1,515
Total from private industry	4,052	3,673	2,925	3,439	3,596	3,484	3,405
Total from Work Projects Administration	99	154	234	315	289	219	224
Total unemployment	4,151	3,827	3,159	3,754	3,885	3,703	3,629
Total other than unemployment	155	180	206	224	175	174	181
Total intake	4,306	4,007	3,365	3,978	4,060	3,877	3,810
Case load, end of period	37,267	36,336	33,026	33,306	34,332	34,916	36,171

Under care case—Intake by month—Year of 1938—Year came to city and reason for intake—Continued

Period ending	Apr. 14	Apr. 21	Apr. 28	Month of May 1938	June 1938	July 1938
Intake:						
Born in Detroit or came to Detroit prior to 1930	3,216	2,435	2,385	8,157	14,501	7,777
Came to Detroit in 1930	61	46	54	179	248	148
Came to Detroit in 1931	51	39	32	97	194	91
Came to Detroit in 1932	53	43	39	156	268	135
Came to Detroit in 1933	91	77	79	237	447	224
Came to Detroit in 1934	170	130	134	422	699	335
Came to Detroit in 1935	170	147	127	446	683	379
Came to Detroit in 1936	245	203	200	634	959	532
Came to Detroit in 1937	147	116	132	474	712	481
Came to Detroit in 1938	23	18	15	92	137	87
Not stated	----------	----------	----------	216	233	73
Total intake	4,229	3,254	3,197	11,110	19,081	10,262
Intake from auto and allied industries	2,099	1,645	1,569	5,140	10,074	3,704
Intake from other industry	1,691	1,289	1,340	4,682	7,524	5,156
Total from private industry	3,790	2,934	2,909	9,822	17,598	8.860
Total from Work Projects Administration	243	156	140	715	702	718
Total unemployment	4,033	3,090	3,049	10,537	18,300	9,578
Total other than unemployment	196	164	148	573	781	684
Total intake	4,229	3,254	3,197	11,110	19.081	10,262
Case load, end of period	37,818	39.247	40,359	32,582	40,651	46,079

Period ending	August 1938	September 1938	October 1938	November 1938	December 1938	Total
Intake:						
Born in Detroit or came to Detroit prior to 1930	4,245	2,471	1,648	1,652	2,753	81,197
Came to Detroit in 1930	75	48	35	40	58	1,554
Came to Detroit in 1931	52	26	20	26	35	1.080
Came to Detroit in 1932	68	42	38	32	56	1.513
Came to Detroit in 1933	111	58	51	49	77	2.465
Came to Detroit in 1934	151	91	69	68	112	3.817
Came to Detroit in 1935	210	118	109	88	134	4.292
Came to Detroit in 1936	292	216	163	142	212	6,280
Came to Detroit in 1937	312	218	159	144	164	4,248
Came to Detroit in 1938	79	52	61	59	75	762
Not stated	123	----------	----------	----------	----------	13,297
Total intake	5,718	3,340	2,353	2,300	3,676	120,505
Intake from auto and allied industries	1,707	726	294	344	1,013	55.371
Intake from other industry	2,826	1,829	1,349	1,232	1,676	50,828
Total from private industry	4,533	2,555	1,643	1,556	2,689	106,199
Total from Work Projects Administration	497	383	354	364	551	6,873
Total unemployment	5,030	2,938	1,997	1,940	3,240	113,072
Total other than unemployment	688	402	356	360	436	7,433
Total intake	5,718	3,340	2,353	2,300	3.676	120,505
Case load, end of period	27,309	21,389	18,896	17,791	19,412	----------

Prepared by statistical department, department of public welfare, city of Detroit, Sept. 22, 1941.

Applications received, month of August 1941, Department of Public Welfare, City of Detroit

Week ending	Aug. 7	Aug. 14	Aug. 21	Aug. 28	Total
Reason for application:					
Loss of private employment	48	78	130	103	359
Loss of W. P. A. employment	125	122	115	68	430
Cessation of unemployment-compensation benefits	----------	4	1	----------	5
Health problem	15	37	68	60	180
Old-age problem	2	16	18	11	47
Marital problem	13	49	64	47	173
Insufficient-income problem	12	68	74	68	222
Selective service	----------	5	3	2	10
Other reason	[1] 454	[1] 391	60	72	977
Service only	----------	----------	2	2	4
Total	669	770	535	433	2,407

[1] Reason "not stated" included.

EXHIBIT 13.—SURVEY ON MIGRATION TO DETROIT, SEPTEMBER 3–16, 1941

REPORT BY JOHN F. BALLENGER, MANAGER, BUREAU OF OLD-AGE ASSISTANCE, SOCIAL SECURITY BOARD, FEDERAL SECURITY AGENCY, DETROIT, MICH.

SEPTEMBER 17, 1941.

The results of the survey conducted in this office relative to the above subject shows the following:

Total number of over-the-counter applicants	3, 865
Total number of applicants who came to Detroit since July 1, 1941	381 or 9.8 percent

The attached list shows the number of applicants who have migrated to Detroit from each State.

Origins of in-migrating applicants for old-age and survivors insurance, Detroit, Mich., Sept. 3–16, 1941

Alabama	19	New Hampshire	0
Arizona	0	New Jersey	2
Arkansas	8	New Mexico	4
California	6	New York	12
Colorado	0	North Carolina	4
Connecticut	1	North Dakota	3
Delaware	0	Ohio	33
Florida	7	Oklahoma	7
Georgia	15	Oregon	0
Idaho	0	Pennsylvania	20
Illinois	23	Rhode Island	0
Indiana	8	South Carolina	3
Iowa	2	South Dakota	3
Kansas	3	Tennessee	24
Kentucky	25	Texas	4
Louisiana	3	Utah	1
Maine	1	Vermont	1
Maryland	1	Virginia	0
Massachusetts	2	Washington	0
Michigan	80	West Virginia	7
Minnesota	11	Wisconsin	2
Mississippi	5	Wyoming	0
Missouri	9	Canada and foreign countries	19
Montana	2		
Nebraska	1		
Nevada	0	Total	381

EXHIBIT 14.—PURPOSE AND ACTIVITIES OF THE HOMES REGISTRATION OFFICE, DETROIT, MICH.

REPORT BY STUART E. WALKER, SUPERVISOR HOMES REGISTRATION, OFFICE OF THE HOUSING COMMISSION, DETROIT, MICH.

One of the many problems bearing upon the efficiency of defense production is adequate housing for defense and related workers and their dependents. If satisfactory dwelling places are not available within reasonable commuting distance of employment, production efficiency will be reduced materially.

To cope with this housing problem, there has been established in the city of Detroit, as a unit of the Detroit Housing Commission, a homes registration office. This office operates in conjunction with the Division of Defense Housing Coordination, Homes Registration Division, in Washington, D. C. It is operated for the following principal purposes:

(*a*) To secure and maintain current, in a central file, information on all available vacant dwelling accommodations, by location, type, rent, and condition; and to refer thereto applicants in need of dwelling accommodations, either directly, or through realtors, with whom listed.

(*b*) To furnish information and regular reports to the Division of Defense Housing Coordination through the Division of Homes Registration in Washington, D. C., as well as to local governmental units and other agencies which will result in the development of every dwelling place which can be made available either for temporary or permanent use. This will also enable the development of whatever necessary action needed to assure the construction of additional dwelling units, if same may be determined to be essential.

Registrations and applications for referrals are accepted from any person, but priorities have been established on referrals as follows:

1. Defense-industry workers and military and naval personnel.
2. Workers in service industries essential to the maintenance, health, and comfort of defense workers and to normal community life.
3. General applicants whose presence in the community does not seem to be essential.

In addition, it is the policy of this office to make no referrals of any dwelling accommodations that investigation proves to be substandard. At the present time this office is operating only within the corporate limits of the city of Detroit and has conducted no campaign for registrations or referrals outside the city limits. However, plans are being formulated to expand the activities in the near future to include all of Wayne County.

The zoning ordinance of the city of Detroit prohibits the rental of rooms, light-housekeeping units, and the sharing of dwelling units, in approximately 70 percent of the area of the entire city unless the use was in existence at the effective date of the ordinance. The effect of this restriction on registrations of this nature are illustrated as follows:

As of August 20, 1941, this office had received 3,633 room, etc., registrations, of which 1,819 were apparently in conflict with the zoning ordinance. To make these units available it would be necessary to amend or suspend the zoning ordinance. However, as of this date, there were less than 100 applications for referral to the 1,844 available registrations.

A visual vacancy survey in the city of Detroit was conducted by this office, with the assistance of the Detroit chapter of the American Red Cross, on July 17, 1941. Briefly, this report indicated that vacancy had decreased from 5.1 percent in 1938, according to the real-property survey; to 3.5 percent in 1940, according to the Federal census of housing; to 2.2 percent in January 1941, according to the Work Projects Administration sample vacancy survey; to 0.9 percent as of July 17, 1941.

While there is a certain potential value in over-all vacancy figures or percentages, it does not always follow that it presents a complete housing picture. Although it is realized that the value of any analysis of figures covering the operations of the homes registration office has its limitations, due to the fact that it has only been in existence since June 30, 1941, nevertheless the following data may be a guiding factor in any analysis of the housing problems.

The following tabulation of 809 applications for dwelling units received by this office through September 10, 1941, shows the demand picture by rental, by size of unit:

Rental interval	Total	Size of desired unit							
		1 room	2 rooms	3 rooms	4 rooms	5 rooms	6 rooms	7 rooms	8 rooms and over
Total	809	13	90	152	163	229	111	26	25
$14.99 and less	0	0	0	0	0	0	0	0	0
$15 to $19.99	1	0	1	0	0	0	0	0	0
$20 to $24.99	28	1	5	9	10	1	1	1	0
$25 to $29.99	91	2	18	17	30	21	3	0	0
$30 to $34.99	151	2	18	25	33	55	15	2	1
$35 to $39.99	173	3	21	33	33	56	23	3	1
$40 to $44.99	149	5	19	34	23	40	22	3	3
$45 to $49.99	72	0	5	23	12	13	14	3	2
$50 and over	144	0	3	11	22	43	33	14	18

The following tabulation of 721 dwelling units registered with this office through September 10, 1941, shows the supply picture by asked rental, by size of unit:

Rental interval	Total	Size of desired unit							
		1 room	2 rooms	3 rooms	4 rooms	5 rooms	6 rooms	7 rooms	8 rooms and over
Total	721	10	66	139	105	224	112	34	31
$14.99 and less	1	0	0	1	0	0	0	0	0
$15 to $19.99	1	0	1	0	0	0	0	0	0
$20 to $24.99	12	0	7	2	2	0	0	1	0
$25 to $99.99	40	0	4	9	15	10	2	0	0
$30 to $34.99	84	3	14	12	27	24	4	0	0
$35 to $39.99	139	3	13	26	16	55	20	6	0
$40 to $44.99	143	4	14	45	11	47	19	2	1
$45 to $49.99	94	0	8	20	13	28	21	4	0
$50 and over	207	0	5	24	21	60	46	21	30

Two questions on the application which this office uses for referral to dwelling units are as follows:

"Residence in city since."

"Does applicant now have local accommodations comparable in size to those desired?"

There were 674 applications in this office as of August 20, 1941, and an analysis of these by date of establishing residence by comparable or noncomparable accommodations follows:

Date of establishing residence in Detroit	Number of applications, by race, by accommodations						
	Total	White applicants			Nonwhite applicants		
		Total	Comparable	Noncomparable	Total	Comparable	Noncomparable
Total	674	583	266	317	91	41	50
1941, total	128	128	20	108	0	0	0
January	2	2	1	1	0	0	0
February	2	2	0	2	0	0	0
March	12	12	3	9	0	0	0
April	11	11	1	10	0	0	0
May	11	11	2	9	0	0	0
June	19	19	4	15	0	0	0
July	40	40	4	36	0	0	0
August	31	31	5	26	0	0	0
1940	29	25	8	17	4	2	2
1939	25	20	8	12	5	1	4
1938	25	22	14	8	3	2	1
1935–37	50	37	20	17	13	7	6
1934 and before	417	351	196	155	66	29	37

As of August 20, 1941, there were 378 applications on which this office was unable to make referrals for various reasons. A summary of these by type of employment, by presence or absence of children, by comparable or noncomparable housing, follows:

	Total	Comparable housing	Noncomparable housing
ALL RACES			
Total	378	181	197
Military, total	0	0	0
With children	0	0	0
Without children	0	0	0
Unknown	0	0	0
Civilian military, total	1	0	1
With children	1	0	1
Without children	0	0	0
Unknown	0	0	0
Defense industry, total	119	65	54
With children	88	40	48
Without children	22	16	6
Unknown	9	9	0
Nondefense, total	258	116	142
With children	164	81	83
Without children	62	20	42
Unknown	32	15	17
WHITE RACE			
Total	297	145	152
Military, total	0	0	0
With children	0	0	0
Without children	0	0	0
Unknown	0	0	0
Civilian military, total	1	0	1
With children	1	0	1
Without children	0	0	0
Unknown	0	0	0
Defense industry, total	104	57	47
With children	75	33	42
Without children	20	15	5
Unknown	9	9	0
Nondefense, total	192	88	104
With children	118	58	60
Without children	42	15	27
Unknown	32	15	17
COLORED RACE			
Total	81	36	45
Military, total	0	0	0
With children	0	0	0
Without children	0	0	0
Unknown	0	0	0
Civilian military, total	0	0	0
With children	0	0	0
Without children	0	0	0
Unknown	0	0	0
Defense industry, total	15	8	7
With children	13	7	6
Without children	2	1	1
Unknown	0	0	0
Nondefense, total	66	28	38
With children	46	23	23
Without children	20	5	15
Unknown	0	0	0

None of the 332 dwelling units available for use as of August 20, 1941, met the desires of these 378 applicants. They were either in the wrong location, wrong size, restricted as to children, or the asked rent was not within the income.

An examination of these 332 dwelling unit registrations revealed that only 53 owners specified that they would accept families with children. There were 161 owners who specified they would not accept families with children. However, there were 118 owners who did not specify any preference, it being their desire to evaluate the applicant's family and then make the decision.

From the figure of 378 applications and 332 available registrations, it is readily discernible that there was a net excess of demand over supply of 13.9 percent. This picture takes on a different aspect when you compare it on a racial basis.

There were 297 white applicants, and 332 available registrations.

There were 81 nonwhite applications and no available registrations.

There has been considerable public discussion on the extent of rental increases. The Bureau of Labor Statistics show a rental increase in Detroit between December 1938 and July 31, 1941, of approximately 3 percent. A comparison made in August of the asked rent on 431 dwellings registered with this office, and the asked rent at these same locations, as disclosed by the field schedules of the 1938 real property survey, produced an increased average rental of from $40 per month to $46 per month, or 15 percent.

A very intensive publicity program for both registrations and applications is being started. Inasmuch as this is a going operation, the picture changes constantly and the next analysis of operations will, no doubt, produce a different set of figures. But it is the writer's personal opinion that whenever the margin between supply and demand drops below 5 percent the housing problem becomes correspondingly acute, not only from a supply standpoint, but from an asked rental standpoint.

U. S. Post Office count of vacancies, Detroit postal area, February 1941

Station or branch	Single residences	Apartments above 4-family	Flats, 2-, 3-, and 4-family	Stores	Factory buildings	Offices in buildings	Total 1941
Alfred	49	88	49	119	7	375	687
Brightmoor	59	0	2	11	1	0	73
College Park	314	10	114	57	1	3	499
Delray	10	0	24	27	2	3	66
Ferndale	30	0	6	8	0	4	48
Detroit section	3	0	11	0	0	0	14
Fox Creek	77	32	91	71	1	17	289
Grosse Pointe	28	0	18	10	0	5	61
Grand River	38	54	125	54	10	10	291
Gratiot	47	19	84	139	30	27	346
Hamtramck	15	5	19	43	2	1	85
Detroit section	58	1	17	28	2	3	109
Harper	378	6	180	80	0	11	655
Highland Park	32	76	35	55	0	6	204
Detroit section	95	99	37	27	0	1	259
Jefferson	89	105	123	110	3	9	439
Lincoln Park	5	0	3	5	0	2	15
Detroit section	4	0	3	2	1	0	10
Linwood	111	244	384	121	0	6	866
Milwaukee Junction	40	14	103	129	12	7	305
North End	91	145	94	66	6	489	891
Northwestern	106	69	208	97	3	49	532
Porter	30	16	56	38	2	8	150
Redford	40	0	3	6	0	0	49
River Rouge	2	0	0	5	0	0	7
Ecorse	7	0	0	3	0	0	10
Roosevelt Park	35	13	48	66	8	45	215
Strathmoor	60	8	54	36	0	7	165
Thirty-first St	39	8	48	79	4	12	190
General Post Office	10	15	24	149	62	2,676	2,936
Total 1941	1,902	1,027	1,963	1,641	157	3,776	10,466
1940	2,644	1,876	3,031	1,668	170	4.405	13,794
1939	2,915	2,294	3,669	1,697	118	4,394	15,087
1938	1,987	1,693	1,951	1,412	79	4,236	11,358
1937 [1]	----------	----------	----------	----------	----------	----------	----------
1936	2,025	650	1,536	1.996	108	4,733	11,048
1935	3.024	1,122	3,184	3,350	230	5.972	16,882
1934	6,196	4,353	11,363	5.112	296	6.486	33.806
1933	9,182	12,148	19,326	5,760	364	6,514	53,294
1932	8,076	12,559	16,843	5,777	328	6,541	50,124

[1] No count made.

U. S. Post Office count of vacancies, city of Detroit only, February 1941

Station	Single residences	Apartments, over 4-family	Flats, 2-, 3-, and 4-family	Total dwelling units
Alfred	49	88	49	186
Brightmoor	59	0	2	61
College Park	314	10	114	438
Delray	10	0	24	34
Ferndale (Detroit section)	3	0	11	14
Fox Creek	77	32	91	200
Grand River	38	54	125	217
Gratiot	47	19	84	150
Hamtramck (Detroit section)	58	1	17	76
Harper	378	6	180	564
Highland Park (Detroit section)	95	99	37	231
Jefferson	89	105	123	317
Lincoln Park (Detroit section)	4	0	3	7
Linwood	111	244	384	739
Milwaukee Junction	40	14	103	157
North End	91	145	94	330
Northwestern	106	69	208	383
Porter	30	16	56	102
Redford	40	0	3	43
Roosevelt Park	35	13	48	96
Strathmoor	60	8	54	122
Thirty-first St	39	8	48	95
General Post Office	10	15	24	49
Total	1,783	946	1,882	4,611

Vacancy ratio: $\frac{4,611}{437,287}=1.05$ percent.

Number of vacant dwelling units, city of Detroit

		Percent of total housing units
February 1932	34,000	
February 1933	37,000	
February 1934	20,000	
February 1935	6,860	1.6
February 1936	3,912	.9
February 1938	5,125	1.2

Source: U. S. Post Office count of vacancies. No count taken in 1937.

Method: For years 1932, 1933, 1934—Vacancies in the city estimated from totals given for entire Detroit postal area. For years 1935, 1936, 1938—Actual count of vacancies in the city of Detroit.

Complete low-rent public housing program in Detroit as of July 24, 1941

Key (refer to map)	Project	Kind	Number of dwelling units	Type	Area of site in acres	Dwelling units per acre	Total	Estimated cost		Status
								Land per dwelling unit	Dwelling net construction cost	
1	Brewster	P. W. A.	701	Slum	22	32	$4,800,000	$1,621	--------	Project completed September 1938.
2	Parkside	do	775	Vacant	31	25	4,200,000	220	--------	Do.
1	Brewster Addition.	U. S. H. A.	240	Slum	7	34.3	1,397,739	707	$4,100	148 units completed in January 1940. Balance of 92 completed July 23, 1941; families will move in immediately.
2	Parkside Addition.	do	355	Vacant	18.5	19.2	2,043,272	256	3,816	172 units completed in January 1941; balance of 183 to be completed about Sept. 1, 1941.
4	Herman Gardens.	do	2,150	do	142.5	15.1	11,454,145	170	3,611	Under construction; to be completed about September 1942.
3	Charles	do	440	do	25.4	17.3	2,248,063	280	3,350	192 units completed July 24, 1941; families will move in immediately; balance under construction, to be completed about Oct. 1.
5	Brightmoor.	do	210	do	20	10.5	971,000	147	2,992	Acquiring site; preliminary acrhitectural stage.
6	Jeffries	do	1,704	Slum	59	28.9	9,998,000	1,100	3,428	Do.
1	Douglass	do	706	do	21.7	32.5	4,131,000	1,020	3.458	Do.

Land: Includes condemnation cost of land and existing buildings, surveys, appraisal fees and legal expenses, costs for relocation of tenants.

Dwellings: Net construction cost, includes dwelling construction, heating plant, distribution and radiation, and plumbing and electrical work within building lines; does not include site improvement, utility lines, landscaping and nondwelling building, spaces, and equipment: also movable dwelling equipment architectural and engineering costs, preoccupancy charges, administrative costs, carrying charges, and an allowance for changes and extras during construction.

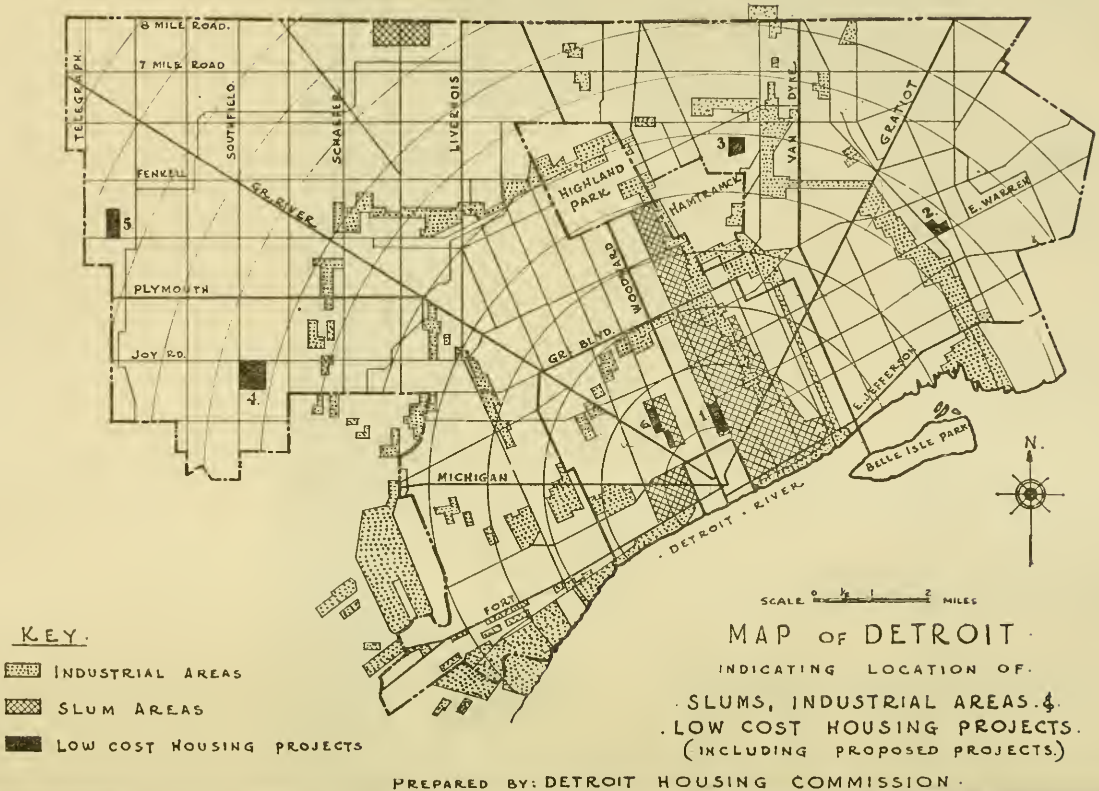
MAP OF DETROIT.
INDICATING LOCATION OF.
SLUMS, INDUSTRIAL AREAS & .LOW COST HOUSING PROJECTS.
(INCLUDING PROPOSED PROJECTS.)
PREPARED BY: DETROIT HOUSING COMMISSION.
KEY.
INDUSTRIAL AREAS
SLUM AREAS
LOW COST HOUSING PROJECTS
SCALE 0 ½ 1 2 MILES
N.
8 MILE ROAD.
7 MILE ROAD
TELEGRAPH.
SOUTHFIELD.
SCHAEFER
LIVERNOIS
FENKELL
GR. RIVER
PLYMOUTH
JOY RD.
HIGHLAND PARK
HAMTRAMCK
VAN DYKE
GRATIOT
E. WARREN
WOODWARD
GR. BLVD.
E. JEFFERSON
BELLE ISLE PARK
MICHIGAN
FORT
DETROIT RIVER
1
2
3
4
5
6

EXHIBIT 15.—DETROIT SCHOOL NEEDS CREATED BY DEFENSE MIGRATION

REPORT BY DR. FRANK CODY, SUPERINTENDENT OF PUBLIC SCHOOLS, BOARD OF EDUCATION, DETROIT, MICH.

ENROLLMENTS AND PERSONNEL

INITIAL REPORTS OF SCHOOL MEMBERSHIP—SEPTEMBER 1941

Elementary schools:	
Sept. 5, 1941	146, 767
Sept. 6, 1940	151, 521
Intermediate schools:	
Sept. 4. 1941	31, 303
Sept. 10, 1940	30, 992
High schools and vocational schools:	
Sept. 8, 1941	55, 500
Sept. 6, 1940	54, 780

The initial report of total school membership is 233,570, which indicates approximately 3,500 less pupils enrolled than a year ago as of this date. A comparison of this figure with that of June 1940 shows a substantial decrease, but this will be offset in part by the large anticipated increase during the month of September. The decrease in the elementary division is accounted for in part by the fact that approximately 2,800 pupils formerly housed in the seventh and eighth grades in elementary buildings were transferred to intermediate schools. Approximately the same number formerly reported in the intermediate schools are now being accounted for in the high-school division.

This is not a true picture of the enrollments because the population shift has both become greatly accelerated and has shifted direction. This information is contained in a latter part of the report, "School buildings needed in Detroit because of national-defense program."

School enrollment for 1937 and 1940

	Total	Kindergarten	Elementary	Special education	Intermediate	Comprehensive high	Commercial high	Vocational	Wayne University
September 1937	265, 428	17, 453	145. 936	8, 473	35, 010	42, 314	2, 440	7, 463	6, 339
September 1940	255, 647	17, 478	133, 917	8, 491	31, 003	47, 151	1, 619	9, 157	6. 831

Supply of and demand for teachers.—Placement and eligibility lists of qualified available teachers in most subjects are adequate. Exceptions are: Industrial arts men, especially those who have had experience in industry, and home economics candidates who hold a master's degree. During the past year eligibility lists were compiled in industrial arts, home economics for intermediate and high school, and vocal music. There is a possibility that during the coming school year we may select additional teachers for September 1942 placement in kindergarten and early elementary, mathematics, science, commercial, vocal music, and health education.

When the need arises, it is our policy to formulate an eligibility or placement list. All candidates who have filed applications are invited to participate in our selective process. This selective process includes analysis of scholastic and experience records—experience to include experiences with children and experiences in community analysis or participation in community affairs, experience in curriculum building, child study, and work other than teaching; health and physical examinations; speech, hearing, and vision tests; examinations in English usage and contemporary affairs; performance tests; psychological examination and interview; and interviews with administrators, supervisors, and the personnel committee. We also notify teacher training institutions to inform prospective teachers concerning the necessity for filing application blanks.

Monthly changes in educational personnel during the year 1940–41

At end of pay-roll month	Total employees at end of previous month	Accessions					Separations					Total employed at end of current month
		New employees	Transfers from other departments	Promotions	Return from leave of absence or lay-off	Total	Deaths	Resignations	Transfer to other departments	Leave of absence or lay-off	Total	
Sept. 13, 1940	7,724	42	117	54	32	245	6	71	171	128	376	7,593
Oct. 11, 1940	7,593	105	28	8	10	151	3	6	36	23	68	7,676
Nov. 8, 1940	7,676	23	43	2	------	68	3	1	45	10	59	7,685
Dec. 6, 1940	7,685	23	11	3	4	41	1	1	14	17	33	7,693
Jan. 17, 1941	7,693	14	8	4	5	31	4	6	12	24	46	7,678
Feb. 14, 1941	7,678	76	37	27	16	156	----	9	64	55	128	7,706
Mar. 14, 1941	7,706	28	5	4	8	45	----	6	9	29	44	7,707
Apr. 11, 1941	7,707	20	4	3	7	34	2	1	7	16	26	7,715
May 16, 1941	7,715	44	2	3	11	60	2	3	5	45	55	7,720
June 13, 1941	7,720	8	-----	-----	7	15	1	4	------	20	25	7,715
Year 1940–41	[1] 7,724	383	255	108	100	846	22	108	363	367	860	[1] 7,710

[1] These totals include respectively 159 and 247 assigned substitutes and emergency substitutes in regular positions, as well as 4 and 17 employees for the vocational education program for national defense.

Changes in educational personnel during the year 1940–41

Division	Total employed at end of preceding year	Accessions					Separations					Total employed at end of current year
		New employees	Transfers from other departments	Promotions	Returns from leave of absence or lay-off	Total	Deaths	Resignations	Transfers to other departments	Leave of absence or lay-off	Total	
Administrative education:												
Executive	32	-----	1	3	-----	4	1	1	3	2	7	29
Psychological clinic	29	-----	4	-----	-----	4	-----	-----	4	1	5	28
Attendance	76	3	1	-----	2	6	1	1	1	2	5	77
Miscellaneous	14	-----	2	-----	-----	2	-----	1	1	-----	2	14
Supervisory	[1] 53	-----	18	-----	5	23	-----	-----	6	2	8	[1] 68
Kindergarten	262	24	4	-----	5	33	-----	1	11	16	28	267
Elementary	3,760	236	39	41	65	381	8	49	114	230	401	3,740
Special education:												
Anemic	101	1	-----	-----	1	2	1	1	2	2	6	97
Blind	40	1	1	1	-----	3	-----	1	-----	3	4	39
Crippled	55	4	3	-----	-----	7	1	-----	3	1	5	57
Deaf	36	3	-----	-----	-----	3	-----	-----	-----	1	1	38
Special A	63	5	1	1	-----	7	-----	3	3	1	7	63
Special B	96	5	4	2	-----	11	-----	2	10	3	15	92
Speech	38	-----	2	1	-----	3	-----	-----	2	1	3	38
Ungraded	31	6	3	1	1	11	1	-----	5	1	7	35
Preparatory	12	-----	1	-----	-----	1	-----	-----	2	-----	2	11
Epileptic	8	-----	2	-----	-----	2	-----	-----	-----	1	1	9
Intermediate	1,014	13	14	21	1	49	3	14	84	19	120	943
High:												
Comprehensive	1,327	22	89	17	9	137	4	16	32	41	93	1,371
Technical	155	1	14	1	1	17	1	-----	11	3	15	157
Commercial	57	1	4	1	-----	6	-----	1	6	-----	7	56
Vocational, boys:												
Building trades	9	-----	2	-----	-----	2	-----	-----	2	-----	2	9
George	21	1	4	1	-----	6	-----	-----	5	-----	5	22
Munger trade	10	4	5	-----	-----	9	-----	-----	4	-----	4	15
Wright	41	4	7	1	2	14	-----	1	7	6	14	41

[1] These totals include respectively 4 and 17 employees for the vocational education program for national defense.

Changes in educational personnel during the year 1940–41—Continued

Division	Total employed at end of preceding year	Accessions					Separations					Total employed at end of current year
		New employees	Transfers from other departments	Promotions	Returns from leave of absence or lay-off	Total	Deaths	Resignations	Transfers to other departments	Leave of absence or lay-off	Total	
Vocational, girls:												
Farrand	19	1	-----	2	1	4	-----	1	2	1	4	19
Goldberg	26	1	1	-----	-----	2	-----	1	1	1	3	25
Wayne University:												
General control	30	2	-----	-----	1	3	-----	-----	21	1	22	11
Student service	-------	2	18	-----	-----	20	-----	-----	-----	2	2	18
College, education	28	3	4	1	-----	8	-----	1	2	2	5	31
College, liberal arts	195	20	5	11	4	40	1	12	14	7	34	201
College, medicine	52	14	1	1	1	17	-----	-----	2	16	18	51
College, pharmacy	5	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	5
College, engineering	24	6	-----	1	1	8	-----	1	1	1	3	29
Law school	5	-----	1	-----	-----	1	-----	-----	2	-----	2	4
Total	[2] 7,724	383	255	108	100	846	22	108	363	367	860	[2] 7,710

[2] These totals include respectively 159 and 247 assigned substitutes and emergency substitutes in regular positions.

Increased industrial-arts program.—Our concern with the problem of securing available industrially trained teachers is heightened at present by the extensive defense training program in Detroit. Outstanding men in our regular school system have been loaned for the duration and suitable material is not readily available for the temporary replacements.

In addition, it is the belief of our industrial education department that this need is not of a temporary nature. The objective of our secondary school program must be to meet the needs of our youth. Education should aim to supply the kind of abilities in demand. Since for most boys secondary education now ends at 18 years of age, there must be organized for these pupils courses which terminate with the end of their secondary school careers, preparing them for occupations which they will enter equipped with a truly salable skill. In a highly industrialized area such as Detroit there are possibilities for youth who are properly trained to go into larger general employment areas.

At the present time the ratio of vocational teachers in the secondary schools is 15 to 85. This ratio has been steadily increasing and, as it shifts, it will necessitate an expanding program from the standpoint of training more industrial arts teachers and from the standpoint of equipment in buildings. Adjustments will be necessary in adapting present school buildings, in planning new buildings, and selection of equipment.

SCHOOL BUILDINGS NEEDED IN DETROIT BECAUSE OF THE NATIONAL-DEFENSE PROGRAM

The national-defense program has already caused and will continue to cause an emergency situation with respect to providing school-building facilities for children of defense workers in Detroit. This emergency arises because the population shift has both become greatly accelerated and has changed direction.

The location of national-defense training programs and national-defense industries in Detroit has created and is now creating an emergency housing situation in the outlying areas of the city. In these areas school facilities are not now and cannot, locally, be adequately developed to meet the greatly increased need. Lack of facilities will be reflected in overcrowding half-day sessions, and inadequate school programs for children from these homes.

The present school budget provides for the following school buildings to be constructed in the area in which the school-building emergency is acute:

Name of school	Capacity	Cost
Elementary:		
Ohio-Esper (first unit)	320	$113,156
Coolidge (addition)	440	119,974
Vetal (addition)	420	192,169
Wayne (addition)	320	141,392
Greenfield No. 2 (first unit)	240	75,944
Secondary:		
Redford High (addition)	150	202,100
Mumford High (first unit)	900	450,518
Total		1,295,253

In addition to these school buildings an emergency need exists or will exist for the following school buildings:

Name of school	Present capacity	Added capacity	Estimated cost
Elementary:			
Van Zile	420	400	$186,615
Mason	240	360	132,308
Von Steuben	560	280	114,620
Trix	(1)	240	75,944
Burbank	560	520	213,840
Law	260	400	186,615
Richard	980	280	52,910
Pulaski	(1)	240	75,944
Mann	(1)	240	75,944
Herman Gardens		840	267,905
Secondary:			
Denby	2,600	120	101,200
Pershing	1,666	120	101,200
Wayne University College of Engineering	500	200	102,960
Total			1,688,005
Grand total			2,983,258

[1] Temporary rooms only, at present.

Membership and census data in the outlying areas of Detroit show the emergency situation creating the need for the school-building facilities which are requested above. Estimated membership indicates that during the 2-year period there has been an approximate increase of 6,400 children in the outlying areas. Estimated census data indicate an increase of approximately 8,466 persons between 5 and 19 years of age in these outlying areas, of whom 7,710 are located in school districts which would be served by the school facilities proposed in the above list. (Data to support this information, entitled "Estimated Membership Trends for September 1941 in Areas Affected by the National Defense Program" and "Persons 5–19 Years in Census Areas Affected by the National Defense Program," are attached.)

The national defense program has greatly increased the need for school shops in Detroit. This need is created because of the necessity for training workers in defense industries and for participants in defense activities. The facilities for vocational education and industrial training would be partially met by the proposed additional high-school and university-shop units.

The population shift in Detroit has become accelerated and has changed direction due to two phases of the national-defense program. The two factors are: (*a*) Location of new defense industries, and (*b*) increased money for workers. Defense industries have located in the outlying areas (on the west, north, and northeast), thus attracting home builders to these areas. Better incomes make it possible for an increasing number of defense workers to purchase property and build homes. Persons formerly in the lower-income brackets now find it possible to purchase homes in the outlying districts.

It is estimated that approximately 75 percent of this population shift is due to defense industries and defense pay rolls. Consequently, it becomes necessary to provide school buildings to serve the needs of approximately 5,000 children of defense workers who are in, or will be in, areas not now adequately served by present school facilities.

Estimated membership trends for September 1941 in areas affected by the national-defense program

School buildings needed	Membership data		Census data (persons 5-19 years)		
	Membership, June 1939	Estimated[1] probable membership, September 1941	1939	1940	Estimated,[2] 1941
Ohio-Esper:					
Mackenzie Elementary	325	324	1, 283	1, 375	1, 400
Mackenzie High	2, 978	3, 610	16, 704	17, 062	17, 500
Coolidge	1, 064	1, 371	1, 593	1, 848	2, 100
Vetal	794	884	1, 278	1, 391	1, 900
Wayne	560	1, 176	1, 621	2, 147	2, 600
Greenfield No. 2		240	3, 507	4, 336	5, 300
Van Zile	371	590	622	630	750
Von Steuben	572	699	1, 201	1, 206	1, 400
Trix	23	200	638	645	775
Burbank	354	500	893	966	1, 150
Law	255	470	569	613	850
Pulaski	22	150	448	468	600
Mann	44	140	85	84	200
Herman Gardens		800	382	415	850
Redford High	2, 773	3, 640	16, 648	17, 746	19, 000
Mumford High		800	6, 759	7, 487	8, 300
Denby High	3, 456	4, 695	14, 273	15, 171	16, 550
Pershing High	2, 386	2, 123	20, 351	19, 775	19, 850
Total	15, 977	22, 412	88, 855	93, 365	101, 075
Total estimated increase	+6,435			+4,510	+7,710

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[1] Based on principals' estimates as of April 1941.
[2] Based on attendance department preliminary estimate and on housing survey information.

Persons 5 to 19 years in Census areas affected by the national-defense program

Census area	1939	1940	Estimated 1941
E	11, 594	11, 642	12, 000
H	5, 110	5, 420	6, 600
I	12, 747	13, 577	14, 600
J	3, 901	4, 169	5, 600
G	6, 759	7, 487	8, 600
M (tract 614, 615, 616)	1, 909	1, 980	3, 100
N (tract 651, 652, 653, 654, 656, 660, 666, 667, 668, 669, 671)	8, 975	9, 288	9, 900
O	14, 273	15, 171	16, 800
Total	65, 268	68, 734	77, 200
Increase		+3, 466	+8, 466

Summary of residential building permits issued, department of buildings and safety engineering, years 1938, 1939, 1940, 1941

Month	Number				Valuation			
	1938	1939	1940	1941	1938	1939	1940	1941
January	147	560	393	659	$523, 400	$2, 615, 184	$1, 695, 575	$2, 932, 615
February	268	554	651	901	1, 045, 126	2, 651, 740	2, 699, 527	4, 004, 515
March	519	1, 139	1, 085	1, 268	2, 371, 265	5, 076, 657	4, 510, 982	6, 148, 356
April	509	[1] 763	1, 331	1, 264	2, 334, 645	[1] 3, 573, 800	5, 777, 385	6, 111, 250
May	621	934	[2] 1, 106	983	2, 808, 466	4, 252, 120	[2] 4, 752, 464	4, 847, 470
June	597	944	919	1, 179	2, 781, 343	4, 050, 610	3, 903, 595	5, 740, 470
Total, 6 months					11, 864, 245	22, 220, 111	23, 339, 528	29, 784, 676
July	760	798	1, 092	1, 277	3, 629, 737	3, 773, 670	4, 657, 005	6, 262, 418
August	828	858	1, 040	986	3, 047, 694	3, 904, 893	4, 450, 725	4, 904, 880
September	776	779	1, 050		3, 653, 195	3, 444, 793	4, 491, 960	
October	960	930	[3] 966		4, 659, 485	4, 205, 930	[3] 4, 149, 028	
November	850	785	[4] 698		4, 028, 795	3, 574, 778	[4] 2, 915, 845	
December	623	729	[5] 699		3, 070, 027	3, 250, 855	[5] 2, 897, 765	
Total, year	7, 458	9, 773	11, 030		33, 953, 178	44, 375, 030	46, 901, 856	

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[1] Excluding addition to Brewster housing project.
[2] Excluding addition to Parkside housing project.
[3] Excluding Charles housing project.
[4] Excluding additions to Brewster and Parkside housing projects
[5] Excluding Herman Gardens housing project.

Subject: Statistics relative to national-defense program.
From: W. E. Stirton.
To: Dr. John R. Emens, Director-Administrator.
Date: July 15, 1941.

At your request, I have checked our various records for such information as might prove helpful to you in the formulation of the report which you are preparing for consideration in Washington relative to the urgent need for the expansion of our vocational education program for national-defense facilities.

A short time prior to the inauguration of this program in Detroit, a survey was made of the available facilities for this training work in the Detroit public schools. The survey indicated that there were an estimated 2,565 work-stations for occupations approved for training by the Office of Production Management, available in our various schools. On the assumption that each work-station could accommodate, on the average, 1 preemployment and 1 supplementary trainee per day without conflicting with the regular school program, the facilities were adequate to handle approximately 5,130 trainees.

Total work-stations available survey of June 1940	2, 565
Number of trainees these facilities could accommodate	5, 130
June 1941 peak enrollment	12, 853
Increase in demand for facilities percent	150. 5

The following table indicates the growth of our enrollment from the inception of the program to date. The figures shown represent the total enrollment as of a given date in each particular month, and do not constitute the peak enrollment figures which are somewhat higher. In the interest of uniformity, the peak figures are not shown as they were not available for the earlier months of training.

Growth of vocational education program for national-defense class enrollments July 1940–June 1941

Period	Work Projects Administration	Michigan State Employment Service	National Youth Administration	Supplementary—Army, Navy etc.	Total
July	224	0	0	18	242
August	1, 294	446	130	297	2, 167
September	1, 161	316	116	128	1, 721
October	1, 287	518	0	1, 210	3, 015
November	1, 456	556	0	1, 942	3, 954
December	1, 455	575	816	2, 623	5, 469
January	1, 476	492	816	2, 246	5, 030
February	1, 260	1, 117	165	3, 330	5, 872
March	1, 240	1, 215	380	4, 617	7, 452
April	1, 117	1, 181	550	5, 871	8, 719
May	962	966	730	6, 968	9, 626
June	908	974	667	7, 779	10, 697

The following total figures should be of interest:

Total number trained from July 17, 1940, to June 30, 1941		19, 410
Work Projects Administration	5, 614	
Michigan State Employment Service	5, 627	
Supplementary	6, 869	
National Youth Administration	1, 300	
Total number enrolled as of June 30, 1941		10, 697
Total number of trainees involved in the program since formation, July 17, 1940		30, 107

Obviously, the facilities originally available in the Detroit public schools had to be expanded in order to permit our handling the more than 150 percent increase in trainees than there were available work-stations to accommodate. This expansion of facilities has been accomplished both by the conversion of other types of vocational rooms and the acquisition of new shops in order to meet our June 30 peak enrollment of 12,853 trainees.

It must also be borne in mind that the shortage of work-stations in certain fields of training has been much more acute than in others. For example, we are now training 1,579 men in various types of welding. This has necessitated providing an expansion of more than 300 percent in the welding facilities which the Detroit public school shops would accommodate at the beginning of the program.

In addition many of the facilities listed in the original survey were located in schools in outlying districts which were geographically inconvenient for defense training purposes. This has thrown a disproportionate burden on facilities more centrally located with reference to the homes or factories from which trainees are drawn

Thus far we have been able, as indicated, to cushion the increased demand for shops by converting other facilities or securing new ones. However, this procedure cannot continue indefinitely without acute conflict with regular school activities.

The greater proportion of our trainees are now of the supplementary types and this gives promise of a considerable increase in numbers in the very near future. Some of the principal organizations referring trainees of this type are as follows:

Organization	Trainees now in program	Estimated future requirements
U. S. Navy	475	2,200.
U. S. Army Selfridge Field	125	350.
Army engineers	50	Several hundred.
Hudson Motor Car Co	2,000	4,600.
Briggs Manufacturing Co	1,500	1,800.
Great Lakes Steel Corporation	800	No estimate.
Detroit Edison Co	40	Do.
Fruehauf Trailer Co	125	Do.
Murray Corporation	------------	

I am attaching copies of letters received from some of these organizations substantiating the figures just indicated.

Likewise there is a very definite possibility that we may be called upon to train large numbers of women on this program in the very near future.

From: A. R. Carr, Dean, College of Engineering.
To: Dr. John R. Emens, Personnel Division.
Date: July 18, 1941.

As requested in your telephone communication, I would like to explain the request for the building for engineering. As a matter of fact, we are so crowded that we could easily absorb a $100,000 unit without any increase in the present number of students.

For example: Several engineering laboratories are housed in one room which is only big enough to accommodate one laboratory. Several laboratories are so small that we have to reteach sections containing from 5 to 10 people at a time. These classes must be duplicated a number of times to accommodate our students. Therefore, any increased building facilities would increase our efficiency and tend toward more economy of operation.

However, for this purpose I believe I would say that one more $100,000 unit about 85 feet square would accommodate about 100 more students full time and at least that number part-time at night, in regular engineering and defense courses. The reason I suggested two $100,000 units was because of the fact that with two units we could bring back our drawing department from Commerce High School, a move which is most badly needed to get us in shape for inspection; and the other unit would be used for engineering mechanics testing laboratory and to increase our facilities in mechanical and aeronautical engineering.

I shall be happy to go into this matter with you. I will be pleased to bring along the report of the E. C. P. D. Committee for I am sure you would be interested. As you probably know, we were turned down only because of lack of space and equipment.

Financing Detroit Public Schools

REPORT BY DIVISION OF INFORMATIONAL SERVICE, DETROIT PUBLIC SCHOOLS

The Detroit school district is the only school district of the first class in Michigan as designated by chapter 8 of part 1 of Act 319 of the public acts of the 1927 State legislature. It is coterminous with the city of Detroit, which embraces an area of slightly over 143 square miles, and serves a total population of 1,759,000.

The school board consists of seven members elected by the city at large for terms of 6 years, elections occurring every 2 years. The officers of the board of education are the president and vice president, elected annually from among the members; a secretary elected by the board; the city treasurer as ex-officio treasurer; and the city controller as ex-officio controller.

Budgetary procedure.—The Detroit Board of Education is required by law to prepare its annual budget and submit it to the city controller on or before January 2 of each year. The controller compiles the budget for all city activities and submits the compilation to the mayor on or before February 1.

The mayor considers the budget until March 1, altering it by increases or decreases. With respect to the budget of the board of education such alterations can be made only in the total amount requested.

On, or before March 7, the budget is submitted to the common council of the city of Detroit, which may make alterations, but again only as respects the total of the board of education. Thereafter, the total city budget is returned to the mayor for approval or veto of any part.

The common council again receives the budget on the fourth Tuesday of April for action on the mayor's approvals or vetoes. The controller receives the budget for the preparation of tax and bond statements, returning it to the common council for final adoption on or before the first Tuesday in May.

Budget contents.—As acted on by the board of education and submitted to the city controller, the budget includes the estimated requirements for each activity, the estimated receipts from various sources, and the net amount required by way of city taxes or bond issues.

The budget for the fiscal year July 1, 1937, to June 30, 1938, includes the following items:

	Amount estimated for 1937–38
Maintenance fund:	
Administration	$398, 729
Instruction	22, 225, 905
Auxiliary agencies	1, 866, 765
Fixed charges	115, 535
Operation of plant	2, 921, 333
Maintenance of plant	1, 066, 420
Miscellaneous items	167, 515
Total	28, 762, 202
Less estimated credits	12, 785, 630
Net amount requested	15, 976, 572
Capital outlay:	
Equipment, alterations, and improvements	675, 000
New buildings	5, 927, 271
Total net requests	22, 578, 843

The amounts allowed by the mayor and the common council included:

Maintenance fund: Total	$27, 880, 000
Capital outlay:	
Equipment, alterations, and improvements	675, 000
New buildings [1]	1, 000, 000
Total	29, 555, 000
Less credits	12, 785, 630
Total net allowance	16, 769, 370

[1] An additional $1,500,000 was allowed dependent on the receipt of credits beyond estimates.

The decreases in the maintenance fund and in the capital outlay fund are adjusted by the board of education before the beginning of the fiscal year, July 1, 1937.

Expenditures.—Total expenditures by the Detroit Board of Education and the changes in school membership since 1925 were as shown below, as regards the maintenance fund, that is exclusive of capital outlay:

Year	Membership	Expenditures	Year	Membership	Expenditures
1924–25	206, 903	$15, 611, 339	1933–34	275, 439	$19, 173, 435
1930–31	309, 541	25, 438, 581	1934–35	286, 766	22, 748, 569
1931–32	278, 395	21, 134, 046	1935–36	295, 939	23, 989, 078
1932–33	272, 607	18, 627, 039			

Expenditures for 1935–36.—The distribution of expenditures by divisions and functions for 1935–36 is shown in the following table:

	Instruction	Operation and maintenance	Administration and supervision	Coordinate and auxiliary agencies	Total
Elementary and kindergarten schools	$8, 764, 346	$1, 970, 733	$541, 081	$293, 221	$11, 569, 383
Education of atypical children	1, 117, 734	145, 890	33, 371	234, 325	1, 531, 321
Intermediate schools	2, 991, 837	610, 927	139, 855	102, 932	3, 845, 553
Academic high schools	3, 339, 705	644, 944	104, 668	80, 859	4, 170, 178
Technical, commercial, continuation, and vocational schools	916, 588	214, 962	26, 374	11, 760	1, 169, 686
Wayne University	1, 124, 432	149, 074	10, 106	3, 280	1, 286, 894
Evening and summer schools	373, 675	13, 459	26, 638	2, 288	416, 061
Total	18, 628, 320	3, 749, 992	882, 097	728, 668	23, 989, 078

It will be noticed that some 78 percent of all expenditures is devoted to direct instructional purposes.

Of the $18,628,320.75 direct instructional expenditures, $396,509.48 was for books and supplies and $18,231,811.27 for salaries.

Over 75 percent of all operation expenditures is thus used for direct instructional salaries.

Teachers' salaries.—Detroit teachers' salaries are based on a salary schedule as follows:

Division	Monthly salary		
	Minimum	Maximum	Annual increase
Elementary	$150	$240	$10
Intermediate	170	280	20
High	170	280	20
Atypical	160	260	10
	170	280	20

Of the 3,408 elementary teachers, 1,908 have not as yet reached their maximums; 310 of 1,025 intermediate teachers are below their maximums, as are 243 of 1,012 high school teachers.

Revenues.—Revenues for the Detroit public schools arise from local taxation and Michigan State aid available for general purposes, and some Federal and Wayne County aid available for restricted purposes.

Comparable budget revenues from various sources have been as follows:

Revenues

	Local taxation [1]	State aid [2]	Federal aid	County aid	Other credits	Total
Year ending June 30—						
1925	$12, 494, 516	$2, 999, 658	$58, 800		$488, 000	$16, 040, 974
1930	17, 890, 008	5, 700, 000	79, 000	$66, 000	824, 450	24, 559, 458
1931	17, 884, 821	6, 593, 420	72, 000	67, 000	1, 069, 200	25, 686, 441
1932	[3] 16, 403, 413	7, 692, 500	72, 000	67, 000	[4] 2, 267, 750	[3] 26, 461, 636
1933	12, 875, 173	7, 208, 000	75, 000	67, 000	2, 317, 480	22, 542, 653
1934	12, 185, 452	5, 000, 000	75, 000	57, 000	2, 299, 000	19, 616, 452
1935	11, 093, 981	6, 700, 000	80, 000	57, 000	1, 867, 080	19, 798, 061
1936	13, 571, 000	10, 219, 180	70, 000	67, 000	1, 893, 000	25, 820, 180

[1] Exclusive of bond issues for new buildings and land.

[2] Exclusive of funds for education of the handicapped which are included under "Other credits" and amounted to $223,560 in the year ending June 30, 1936.

[3] Because of a salary suspension equal to 1 month's salary and other savings, this amount was reduced by $2,860,984.

[4] For the first time lunchroom gross receipts of $1,240,580 are included.

Exhibit 16.—Detroit's Vocational Education Program for National Defense

REPORT BY WARREN E. BOW, DEPUTY SUPERINTENDENT OF PUBLIC SCHOOLS, BOARD OF EDUCATION, DETROIT, MICH.

The Detroit Board of Education in terms of national service readily entered into a plan of cooperation as indicated by the excerpt from the Board of Education Proceedings of July 23, 1940; "authority * * * granted to enter into contract with the State board of control for vocational education (through authorization from the United States Office of Education) to operate a vocational program to give training for essential defense occupations."

PURPOSE OF THE PROGRAM

The controlling purpose of the vocational education program for national defense is to develop trained personnel for employment, adequate to meet the needs of the industries essential or allied to the national defense. The training falls into the categories briefly summarized as follows:

1. Supplementary classes provide for the upgrading of employed men by extending their skill and knowledge of an occupation essential to the national defense.
2. Preemployment and refresher classes provide for the training of unemployed men. These men are made employable with single skills in jobs essential to the national defense.
3. Vocational courses and other related or necessary instruction for youth employed on work projects of the National Youth Administration.
4. Training programs for the armed forces in fields deemed necessary by the commanding officer.

ORGANIZATION OF THE PROGRAM

General advisory council.—In Detroit, the responsibility for the vocational education program for national defense was given by the superintendent of schools to the deputy superintendent. A large general advisory council composed of about 100 members was organized, with the superintendent of schools, Dr. Frank Cody, as chairman, and the deputy superintendent of schools, Dr. Warren E. Bow, as vice chairman of the group. All the interests of the metropolitan Detroit area were represented. The following general areas were considered in making up the council:

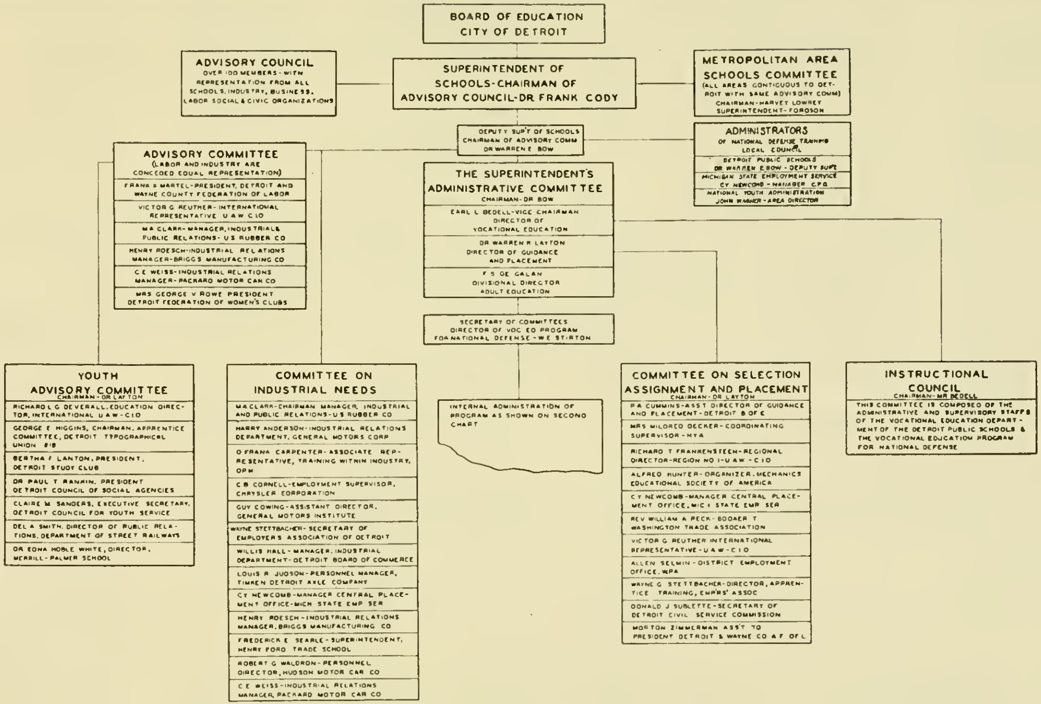
(*a*) Detroit public schools.
(*b*) Metropolitan area schools.
(*c*) Industry and business.
(*d*) Labor.
(*e*) Social and civic organizations.

Subsequent developments have demonstrated the wisdom of giving representation on this council to all interests: industrial, social, racial, labor, and educational. Various members of this council also serve as craft consultants. Refer to chart of the organizational plan to obtain a more comprehensive understanding of the committee relationships.

Advisory committee.—At the first meeting of the general advisory council, the members were given a thorough understanding of the program and were then asked to suggest an advisory committee. This advisory committee has equal representation from labor and industry, and one lay member representing the community as a whole. The advisory committee was chosen with extreme care, and is the governing committee of the program.

This committee passes on matters pertaining to the program according to Federal and State regulations. The group must approve the formation of all courses, both as to trainee selection and training experiences. They guide the program by indicating avenues of expansion, and have collaborated in making wise disposal of what might otherwise have been controversial items, such as seniority, and so on. The chairman of this committee (without vote) is the deputy superintendent of schools.

Assisting the advisory committee is a group of consultants, representatives from cooperating agencies such as the Michigan State Employment Service, the Work Projects Administration, the National Youth Administration, school representatives, and others. The cooperation and assistance of these agencies has been, and is, of invaluable aid in conducting this training program.


BOARD OF EDUCATION
CITY OF DETROIT
SUPERINTENDENT OF SCHOOLS-CHAIRMAN OF ADVISORY COUNCIL-DR FRANK CODY
ADVISORY COUNCIL
OVER 100 MEMBERS-WITH REPRESENTATION FROM ALL SCHOOLS, INDUSTRY, BUSINESS, LABOR SOCIAL & CIVIC ORGANIZATIONS
METROPOLITAN AREA SCHOOLS COMMITTEE
(ALL AREAS CONTIGUOUS TO DETROIT WITH SAME ADVISORY COMM)
CHAIRMAN-HARVEY LOWREY SUPERINTENDENT-FORDSON
DEPUTY SUP'T OF SCHOOLS CHAIRMAN OF ADVISORY COMM DR WARREN E BOW
ADMINISTRATORS
OF NATIONAL DEFENSE TRAINING LOCAL COUNCIL
DETROIT PUBLIC SCHOOLS DR WARREN E BOW - DEPUTY SUP'T
MICHIGAN STATE EMPLOYMENT SERVICE C Y NEWCOMB - MANAGER C P O
NATIONAL YOUTH ADMINISTRATION JOHN WAGNER - AREA DIRECTOR
ADVISORY COMMITTEE
(LABOR AND INDUSTRY ARE CONCEDED EQUAL REPRESENTATION)
FRANK X MARTEL-PRESIDENT, DETROIT AND WAYNE COUNTY FEDERATION OF LABOR
VICTOR G REUTHER-INTERNATIONAL REPRESENTATIVE U A W C I O
M A CLARK-MANAGER, INDUSTRIAL & PUBLIC RELATIONS-U S RUBBER CO
HENRY ROESCH-INDUSTRIAL RELATIONS MANAGER-BRIGGS MANUFACTURING CO
C E WEISS-INDUSTRIAL RELATIONS MANAGER-PACKARD MOTOR CAR CO
MRS GEORGE V ROWE PRESIDENT DETROIT FEDERATION OF WOMEN'S CLUBS
THE SUPERINTENDENT'S ADMINISTRATIVE COMMITTEE
CHAIRMAN-DR BOW
EARL L BEDELL-VICE CHAIRMAN DIRECTOR OF VOCATIONAL EDUCATION
DR WARREN K LAYTON DIRECTOR OF GUIDANCE AND PLACEMENT
F S DE GALAN DIVISIONAL DIRECTOR ADULT EDUCATION
SECRETARY OF COMMITTEES DIRECTOR OF VOC ED PROGRAM FOR NATIONAL DEFENSE-W E STIRTON
YOUTH ADVISORY COMMITTEE
CHAIRMAN-DR LAYTON
RICHARD L G DEVERALL, EDUCATION DIRECTOR, INTERNATIONAL U A W-C I O
GEORGE E HIGGINS, CHAIRMAN, APPRENTICE COMMITTEE, DETROIT TYPOGRAPHICAL UNION #18
BERTHA F LANTON, PRESIDENT, DETROIT STUDY CLUB
DR PAUL T RANKIN, PRESIDENT DETROIT COUNCIL OF SOCIAL AGENCIES
CLAIRE M SANDERS, EXECUTIVE SECRETARY, DETROIT COUNCIL FOR YOUTH SERVICE
DEL A SMITH, DIRECTOR OF PUBLIC RELATIONS, DEPARTMENT OF STREET RAILWAYS
DR EDNA NOBLE WHITE, DIRECTOR, MERRILL-PALMER SCHOOL
COMMITTEE ON INDUSTRIAL NEEDS
M A CLARK-CHAIRMAN MANAGER, INDUSTRIAL AND PUBLIC RELATIONS-U S RUBBER CO
HARRY ANDERSON-INDUSTRIAL RELATIONS DEPARTMENT, GENERAL MOTORS CORP
O FRANA CARPENTER-ASSOCIATE REPRESENTATIVE, TRAINING WITHIN INDUSTRY, OPM
C B CORNELL-EMPLOYMENT SUPERVISOR, CHRYSLER CORPORATION
GUY COWING-ASSISTANT DIRECTOR, GENERAL MOTORS INSTITUTE
WAYNE STETTBACHER-SECRETARY OF EMPLOYERS ASSOCIATION OF DETROIT
WILLIS HALL-MANAGER, INDUSTRIAL DEPARTMENT-DETROIT BOARD OF COMMERCE
LOUIS R JUDSON-PERSONNEL MANAGER, TIMKEN DETROIT AXLE COMPANY
C Y NEWCOMB-MANAGER CENTRAL PLACEMENT OFFICE-MICH STATE EMP SER
HENRY ROESCH-INDUSTRIAL RELATIONS MANAGER, BRIGGS MANUFACTURING CO
FREDERICK E SEARLE-SUPERINTENDENT, HENRY FORD TRADE SCHOOL
ROBERT G WALDRON-PERSONNEL DIRECTOR, HUDSON MOTOR CAR CO
C E WEISS-INDUSTRIAL RELATIONS MANAGER, PACKARD MOTOR CAR CO
INTERNAL ADMINISTRATION OF PROGRAM AS SHOWN ON SECOND CHART
COMMITTEE ON SELECTION ASSIGNMENT AND PLACEMENT
CHAIRMAN-DR LAYTON
P A CUMMINS-ASS'T DIRECTOR OF GUIDANCE AND PLACEMENT-DETROIT B OF E
MRS MILDRED DECKER-COORDINATING SUPERVISOR-NYA
RICHARD T FRANKENSTEEN-REGIONAL DIRECTOR-REGION NO 1-U A W-C I O
ALFRED HUNTER-ORGANIZER, MECHANICS EDUCATIONAL SOCIETY OF AMERICA
C Y NEWCOMB-MANAGER CENTRAL PLACEMENT OFFICE, MICH STATE EMP SER
REV WILLIAM A PECK-BOOKER T WASHINGTON TRADE ASSOCIATION
VICTOR G REUTHER INTERNATIONAL REPRESENTATIVE-U A W-C I O
ALLEN SELMIN-DISTRICT EMPLOYMENT OFFICE, WPA
WAYNE G STETTBACHER-DIRECTOR, APPRENTICE TRAINING, EMP'RS' ASSOC
DONALD J SUBLETTE-SECRETARY OF DETROIT CIVIL SERVICE COMMISSION
MORTON ZIMMERMAN ASS'T TO PRESIDENT DETROIT & WAYNE CO A F OF L
INSTRUCTIONAL COUNCIL
CHAIRMAN-MR BEDELL
THIS COMMITTEE IS COMPOSED OF THE ADMINISTRATIVE AND SUPERVISORY STAFFS OF THE VOCATIONAL EDUCATION DEPARTMENT OF THE DETROIT PUBLIC SCHOOLS & THE VOCATIONAL EDUCATION PROGRAM FOR NATIONAL DEFENSE

DETROIT BOARD OF EDUCATION-ORGANIZATIONAL PLAN
OF THE
VOCATIONAL EDUCATION PROGRAM FOR NATIONAL DEFENSE

Superintendent's administrative committee.—To facilitate the immediate training aspects of the program, the deputy superintendent of schools appointed a superintendent's administrative committee consisting of:

(*a*) The deputy superintendent, Dr. Warren E. Bow, as chairman.

(*b*) The director of vocational education, Mr. Earl L. Bedell, as vice chairman, particularly charged with the responsibility for instruction.

(*c*) The director of guidance and placement, Dr. Warren K. Layton, particularly charged with the responsibility for selection and enrollment of trainees through the proper referral agencies. (It should be noted that placement is a function of the Michigan State Employment Service.)

(*d*) The director of use of school facilities, Mr. Fred S. DeGalan, particularly charged with the responsibility for facilities for training.

(*e*) The director of the vocational education program for national defense, Mr. W. E. Stirton, as secretary.

Since the magnitude of the program is such that the members of this committee could not adequately serve the program without sacrificing their regular activities assigned to them in the school system, the administrative committee appointed a staff of three men to directly serve the program on a full-time basis. The members of this staff were selected from the regular school staff and were designated as director and two assistant directors for this particular program. These men have been certified by the State board of control for vocational education on the basis of their industrial and educational background, and were selected by the various members of the superintendent's administrative committee because of their previous activities in the respective fields of trainee selection and guidance of instruction, and of facilities. The superintendent's administrative committee is active in administering all phases of the program through the medium of the director of the vocational education program for national defense. The Detroit Board of Education Chart showing the administrative structure of the Detroit Plan of the Vocational Education Program for national defense enables one to gain a clear understanding of the administrators' duties in connection with the program.

Committee on industrial needs.—The committee on industrial needs was organized from members of the advisory council at the same time that the advisory committee was organized. This committee on industrial needs is composed of leaders in industries intimately connected with the defense industries, and representatives of the Michigan State Employment Service and the board of commerce. At the inception of the program this committee sponsored a comprehensive survey of over 200 employers with a pay roll of 384,000 men. This survey gave confidential information which made an invaluable picture, not only of the potential needs of the defense industries in manpower, but indicated accurately the fields in which training was needed. This report originally was the direct guide in the allocation of classes.

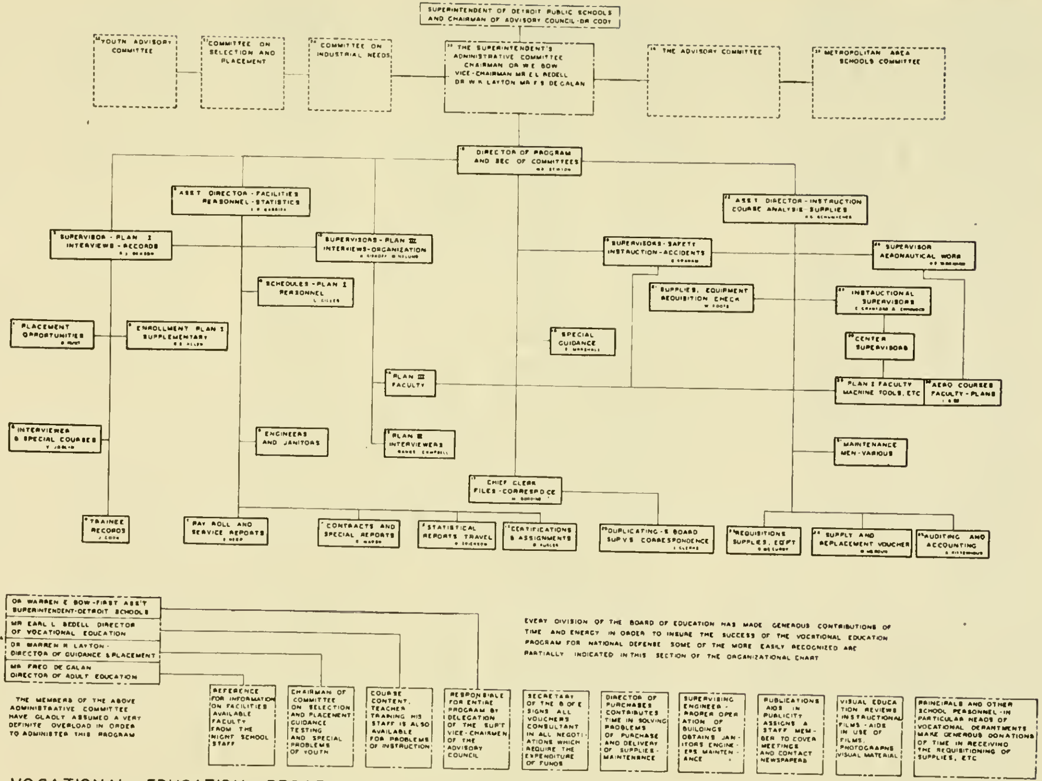
Subsequently, the primary responsibility for keeping the program constantly and currently informed of actual and impending training needs, both as to numbers of men and fields of training, has been assigned to the Michigan State Employment Service. To make these vital recommendations the employment service maintains a staff of field men who continually contact all the actual and potential defense contractors. This agency also makes investigations and recommendations on other questions involving labor supply, such as the advisability of training women, etc.

Committee on selection and assignment.—The committee on selection and assignment is made up of experts in personnel problems from the community, especially the cooperating and referral agencies. The director of guidance and placement for the Detroit schools is chairman. The group determines the selection of trainees as to their source and qualifications; and from the reports of the committee on industrial needs and the Michigan State Employment Service, helps the program to meet the requests of industry for special training in selected fields.

Many problems have been worked out in detail by this committee, for example: Factors in reference to training the Negro people have been intelligently considered and programs evolved so that the manpower of our community, irrespective of race, will be used to the maximum in defense industries.

The committee on selection and assignment also makes recommendations as to the place of the handicapped, such as the disabled veterans and the deaf, in the program.

Metropolitan schools committee.—The metropolitan schools committee is composed of the superintendents of the school systems adjacent to Detroit and within the metropolitan area. The Detroit Director of Vocational Education, Mr. Earl


SUPERINTENDENT OF DETROIT PUBLIC SCHOOLS AND CHAIRMAN OF ADVISORY COUNCIL-DR CODY
YOUTH ADVISORY COMMITTEE
COMMITTEE ON SELECTION AND PLACEMENT
COMMITTEE ON INDUSTRIAL NEEDS
THE SUPERINTENDENT'S ADMINISTRATIVE COMMITTEE CHAIRMAN DR W E BOW VICE-CHAIRMAN MR E L BEDELL DR W R LAYTON MR F S DE GALAN
THE ADVISORY COMMITTEE
METROPOLITAN AREA SCHOOLS COMMITTEE
DIRECTOR OF PROGRAM AND SEC OF COMMITTEES
ASS'T DIRECTOR-FACILITIES PERSONNEL-STATISTICS
ASS'T DIRECTOR-INSTRUCTION COURSE ANALYSIS-SUPPLIES
SUPERVISOR-PLAN I INTERVIEWS-RECORDS
SUPERVISORS-PLAN III INTERVIEWS-ORGANIZATION
SUPERVISORS-SAFETY INSTRUCTION-ACCIDENTS
SUPERVISOR AERONAUTICAL WORK
SCHEDULES-PLAN I PERSONNEL
SUPPLIES, EQUIPMENT REQUISITION CHECK
INSTRUCTIONAL SUPERVISORS
PLACEMENT OPPORTUNITIES
ENROLLMENT PLAN I SUPPLEMENTARY
SPECIAL GUIDANCE
CENTER SUPERVISORS
PLAN III FACULTY
PLAN I FACULTY MACHINE TOOLS, ETC
AERO COURSES FACULTY-PLANS
INTERVIEWER & SPECIAL COURSES
ENGINEERS AND JANITORS
PLAN II INTERVIEWERS
MAINTENANCE MEN-VARIOUS
CHIEF CLERK FILES-CORRESP'D'CE
TRAINEE RECORDS
PAY ROLL AND SERVICE REPORTS
CONTRACTS AND SPECIAL REPORTS
STATISTICAL REPORTS TRAVEL
CERTIFICATIONS & ASSIGNMENTS
DUPLICATING-S BOARD SUP'V'S CORRESPONDENCE
REQUISITIONS SUPPLIES, EQ'PT
SUPPLY AND REPLACEMENT VOUCHER
AUDITING AND ACCOUNTING
DR WARREN E BOW-FIRST ASS'T SUPERINTENDENT-DETROIT SCHOOLS
MR EARL L BEDELL DIRECTOR OF VOCATIONAL EDUCATION
DR WARREN K LAYTON-DIRECTOR OF GUIDANCE & PLACEMENT
MR FRED DE GALAN DIRECTOR OF ADULT EDUCATION
REFERENCE FOR INFORMATION ON FACILITIES AVAILABLE FACULTY FROM THE NIGHT SCHOOL STAFF
CHAIRMAN OF COMMITTEE ON SELECTION AND PLACEMENT GUIDANCE TESTING AND SPECIAL PROBLEMS OF YOUTH
COURSE CONTENT, TEACHER TRAINING HIS STAFF IS ALSO AVAILABLE FOR PROBLEMS OF INSTRUCTION
RESPONSIBLE FOR ENTIRE PROGRAM BY DELEGATION OF THE SUP'T VICE-CHAIRMEN OF THE ADVISORY COUNCIL
SECRETARY OF THE B OF E SIGNS ALL VOUCHERS CONSULTANT IN ALL NEGOTIATIONS WHICH REQUIRE THE EXPENDITURE OF FUNDS
DIRECTOR OF PURCHASES CONTRIBUTES TIME IN SOLVING PROBLEMS OF PURCHASE AND DELIVERY OF SUPPLIES-MAINTENANCE
SUPERVISING ENGINEER-PROPER OPERATION OF BUILDINGS OBTAINS JANITORS ENGINEERS MAINTENANCE
PUBLICATIONS AIDS IN PUBLICITY ASSIGNS A STAFF MEMBER TO COVER MEETINGS AND CONTACT NEWSPAPERS
VISUAL EDUCATION REVIEWS INSTRUCTIONAL FILMS-AIDS IN USE OF FILMS, PHOTOGRAPHS VISUAL MATERIAL
PRINCIPALS AND OTHER SCHOOL PERSONNEL-IN PARTICULAR HEADS OF VOCATIONAL DEPARTMENTS MAKE GENEROUS DONATIONS OF TIME IN RECEIVING THE REQUISITIONING OF SUPPLIES, ETC

EVERY DIVISION OF THE BOARD OF EDUCATION HAS MADE GENEROUS CONTRIBUTIONS OF TIME AND ENERGY IN ORDER TO INSURE THE SUCCESS OF THE VOCATIONAL EDUCATION PROGRAM FOR NATIONAL DEFENSE SOME OF THE MORE EASILY RECOGNIZED ARE PARTIALLY INDICATED IN THIS SECTION OF THE ORGANIZATIONAL CHART

THE MEMBERS OF THE ABOVE ADMINISTRATIVE COMMITTEE HAVE GLADLY ASSUMED A VERY DEFINITE OVERLOAD IN ORDER TO ADMINISTER THIS PROGRAM

VOCATIONAL EDUCATION PROGRAM FOR NATIONAL DEFENSE-II-DETROIT BOARD OF EDUCATION CHART

L. Bedell, is the liaison man for this committee. This group enables full cooperation of all the school systems in the metropolitan area, and makes it possible for the smaller communities, if they so desire, to turn over their facilities to the Detroit program. In this case they are operated exactly as are the training centers in Detroit proper. Some of the neighboring communities prefer to operate their own program, but nevertheless avail themselves of the assistance rendered by all the committees of the Detroit program. This integration eliminates duplication and promotes efficiency.

Youth advisory committee.—This committee has been formed to consider the particular problems of youth as they apply to this program. The members, nominated by the advisory committee, are all individuals concerned with the complex problems confronting youth at this critical time, and they attempt to give the maximum service possible to youth within the provisions of the vocational education program for national defense. This group is a subcommittee of the advisory committee.

Council of Metropolitan Detroit Administrators for National Defense Training.—There has recently been superimposed on this operating structure, at both the local and State levels, a three-way cooperative council consisting of a representative from the public schools, the State employment service and the National Youth Administration. This insures absolute integration of effort, and whenever a problem affecting two or more of these agencies is encountered, the solution is determined through this group.

* * * * * * *

SUPPLEMENTARY TRAINING

By far the greatest number of trainees in this program are found in the supplementary classes for employed men. The men attend classes after their regular working hours, in the evenings, on Saturdays and on Sundays. These men apply for training mainly through their employer or their labor union, while some apply by direct correspondence or personal interview.

The need for this training arises from the expansion of industry due to defense contracts, and occurs either as a need for upgrading and enhancing of present skills for promotion, or as a need for training in new fields of activity occasioned by defense contracts demanding products and procedures not present in normal production.

Instruction in supplementary classes, as in all activities of this program, is based directly and solely on the needs of industry. This demands an intimate and constant contact and cooperation with the industry concerned. To insure positive results, all the instructors are highly trained men recruited, in the main, directly from industry, who are certified as to their competency by the State board of control for vocational education.

This program is kept constantly informed of the diversion of local industries into defense contracts. The resulting dislocation of labor produces the great demand for conversion training which we are now experiencing. These programs are worked out by direct and complete cooperation with the industry as far as possible in advance of the change of operations. The statistical report included demonstrates the growth of this supplementary type of training to a current enrollment of approximately 10,000 men.

Preemployment training.—The second largest enrollment in this program is found in the preemployment training for unemployed men. Previous discussion has established the fact that these classes are based on industrial need. The training is offered in single skills or semiskills which can be acquired within a 10-to-12-week training period of at least 30 hours per week. These semiskills, in which training is given, are found in the list of approved occupations formulated by the Office of Production Management and the Federal Security Agency.

On the basis of need, the vocational education program for national defense requests referrals for training on an approximately even division between the Work Projects Administration, and the unemployed registered only with the Michigan State Employment Service. These two agencies comb their lists for the most eligible men on the basis of the specifications contained in the requisitions. These men are referred to the vocational education program for national defense office for interview, and a copy of their work history is transmitted to this office in advance of the scheduled time of interview. The Michigan State Employment Service is using aptitude tests wherever possible to further refine their referral process.

The prospective trainees, who have been referred to the program office, are then interviewed in this office. The interviewers are highly skilled and experienced men, and if, as a consequence of their interview, they feel that the candidate can be made employable in a defense occupation in the period allowed, the candidate is assigned to a class that meets at least 30 hours per week.

The instructors of all these classes are highly skilled industrial men, who are charged with the responsibility of making the trainee employable within a prescribed period. The teachers are instructed to promptly release from training any trainee who demonstrates inaptitude in the shop, so that the trainee referrals are triple screened (by the referral agency, the interviewer in the program office, and the instructor).

Training of National Youth Administration youth.—The third type of training provided by the vocational education program for national defense is for youth employed on National Youth Administration projects. Since these projects are classified as defense projects or regular projects, our instruction follows this division.

Youth employed on defense projects devote half their time to training given by the vocational education program for national defense. This instruction is given in the same occupation in which they are employed, with related training integrated into the instruction.

Youth employed on regular or nondefense projects are provided training opportunities in three types of courses, as follows:

(*a*) A course supplementary to their work experience.
(*b*) An occupational adjustment course.
(*c*) A course contributing to their civic and vocational intelligence.

The referral of youth to National Youth Administration projects is primarily arranged between the Michigan State Employment Service and the National Youth Administration, although the schools may also recommend any case which, in their contacts, they feel should be so assigned.

Trainees from the armed forces.—The fourth field of training provided by the vocational education program for national defense is for the armed forces of the United States. These requests for training come from the commanding officer of the unit. In the Detroit area, we are at present training 900 enlisted men from the United States Navy as aviation machinist's mates, and as aviation metalsmiths. We are also training enlisted men from Selfridge Field in such diversified fields as Army office practice, electricity and magnetism, and radio. We have trained United States Navy men, stationed at the Grosse Ile air base, in aviation engines and aircraft welding. We are training enlisted men from Fort Wayne in auto and driver mechanics. These instructional activities are always offered on a basis of need worked out in advance between the vocational education program for national defense and the particular branch of service concerned.

AN EXAMPLE OF DEFENSE TRAINING

An unusual example of coordination of preemployment training, placement, and subsequent supplementary training is found in the answer to the request of the Army Engineer Corps for help in preparing specialized maps of 100,000 square miles of terrain. These maps are prepared from aerial photographs of the area. Since there were no men available with this special training, we were given authority by the Army to act as "employer's agent." On this basis, we asked the Michigan State Employment Service to provide many draftsmen to be hired for this work. These referrals came from the trainee files of men who had completed the preemployment refresher courses in detailing and tracing. A condition of their employment was that they would attend supplementary classes in photogrammetry to learn the peculiar and specialized techniques of this work. Examinations at the completion of these supplementary courses determine the employee's status on the civil-service salary schedule. The facilities for the actual map making and for conducting the supplementary classes in photogrammetry have been donated by the Detroit schools.

PLACEMENT OF TRAINEES

In all of these training programs, the responsibility for placement of men after training is the responsibility of the State employment service. No direct attempts are made to place the men in employment. However, by the very close and intimate relationship of the instructors and the vocational department of the board of education with industry, direct requests from industry for trainees are constantly being received. Again, since the hours of training for unemployed men are generally throughout the night, they are able to canvass industry personally in the daytime. Since all trainees are provided with a certificate of accomplishment, many find placement opportunities themselves. These two types of placements account for by far the largest percentage of placements as indicated by the accompanying statistics.

One outstanding difficulty in preparing placement reports is the lack of information on self-placements. It is certain that the major proportion of discontinuances are due to self-placements which are very rarely reported. A spot survey conducted by the vocational education program for national defense of 100 random discontinuances showed that 81 percent had secured placement by their own efforts.

Another outstanding difficulty in making an accurate placement report lies in the fact that self-placements made after the training period ends cannot be known.

A third difficulty is that many unemployed men, while in training, find jobs, but continue in the preemployment training classes unless discovered. It is highly desirable that these recently employed men should continue training, but their assignment should be changed to supplementary classes. Instructors constantly urge trainees to attend supplementary classes after obtaining employment.

CONVERSION TRAINING

The recent publicity given the proposed curtailment of the automotive industry has given impetus to the number of applicants for training, with a resultant increase in the proportion of referrals directly from the State employment service. However, this community has been anticipating the automotive curtailment, and in cooperation with the affected industries, has for some time been increasingly active in establishing conversion training programs. From past experience, we feel confident of the techniques in solving this problem although the exact magnitude of the task and the full impact is not as yet entirely defined.

TRAINING OPPORTUNITIES

The vocational education program for national defense is established on the premise that there shall be no discrimination on the basis of race or sex of trainees. In order to insure complete understanding and cooperation, a staff member has been assigned to the special guidance problems arising in the training of racial minorities, especially the Negro race. This assignment carries no implication of placement responsibility on the part of the vocational education program for national defense, but it does facilitate intelligent assignment of Negro trainees to all the various classes.

SUMMARY

The success of the vocational education program for national defense in Detroit is a natural development of outstanding cooperation of all the agencies involved. From the inception of the program the advisory committee has contributed unstintingly of time and ability to guide our activities. The members have been asked to attend many meetings of industrialists to discuss the program. They have been escorted, in groups and singly, through the training classes.

The industrial department of the Detroit Board of Commerce has mailed thousands of descriptive letters and pamphlets prepared in our offices. They have, also, organized meetings of all personnel directors to which we were invited to explain the program.

Organized labor has shown equally enthusiastic support of the training by asking our staff to meet with them, and by widespread publicity programs in the shops, through the medium of bulletins and shop stewards.

The instructional staff, in the main, is recruited by nominations from labor and industry. Labor and industry have given these instructors leaves of absence, and they have arranged continuing seniority, in order to insure the most vital point of the program, i. e., the employment of the most highly skilled and competent men as instructors.

The Training Within Industry Division of the Office of Production Management works so intimately with the program that their offices are even located in the same building, and their telephone is connected with the switchboard in the program office. In mutual study of training problems and needs, the two agencies travel together to the industry concerned, and knit their activities together in the resulting program.

The Michigan State Employment Service and the Work Projects Administration have, since the inception of the program, been completely and enthusiastically cooperative. Their referral procedures and their reporting procedures have all been worked out with a view toward complete coordination with the program's activities. Similar cooperation in those fields has been experienced where the program is associated with the National Youth Administration.

Program representatives have, with the Michigan State Employment Service, held joint meetings at every welfare and Michigan State Employment Service office in the city of Detroit, explaining the operation and opportunities of the program.

The extent of this cooperation with all participating agencies cannot be overestimated, and in this spirit we are confident that any training program of whatever description or magnitude can be handled in this area.

We feel that no account of the program activities in Detroit would be complete without reference to its effect on the morale of our manpower. From hundreds of unsolicited letters of appreciation from men, taken from the ranks of the unemployed, made employable again, and now in defense occupations, we can sense the intensification of the American spirit.

From employed men whose supplementary training has enhanced their skills and given them positions of greater responsibility, we have the same story. This training program has increased the determination of men to maintain our democratic way of life, as much as it has increased their abilities to produce the tools necessary for that defense.

Included with this report are statistical statements reflecting the growth of the vocational education program for national defense of the Detroit Board of Education. It is important to note that (1) the placement figures listed are only those reported by the instructors of the program who have no responsibility for placement, (2) the majority of discontinuances have been found to be self-placements, and therefore are not correctly reported (as previously mentioned, a single spot survey of 100 of these discontinuances in preemployment classes showed 81 percent employed), and (3) discontinuances in supplementary classes for employed men most commonly refer to men who have attained the necessary skill or knowledge which prompted them to attend classes.

Detroit plan data

Date	Number of classes	Supplementary, employed men	Preemployment (Work Projects Administration and Michigan State Employment Service)	Youth in classes (from National Youth Administration)	Preemployment placements from instructors' reports	Training conclusions for preemployment only	Current total enrollment
July 31, 1940	33	18	224	-----------	-----------	-----------	242
Aug. 31, 1940	107	297	1,740	130	86	182	2,167
Sept. 30, 1940	143	128	1,477	116	282	401	1,721
Oct. 31, 1910	160	1,210	1,805	-----------	359	390	3,015
Nov. 30, 1940	190	1,942	2,012	-----------	237	658	3,954
Dec. 31, 1940	216	2,623	2,032	816	[1] 193	[1] 816	5,471
Jan. 31, 1941	204	2,246	1,968	816	[1] 193	[1] 816	5,030
Feb. 28, 1941	255	3,330	2,377	165	[1] 193	[1] 816	5,926
Mar. 31, 1941	337	4,617	2,455	380	281	1,333	7,452
Apr. 30, 1941	418	5,571	2,298	550	358	1,603	8,419
May 31, 1941	473	6,968	1,928	730	312	1,253	9,626
June 30, 1941	530	7,779	2,251	667	226	1,151	10,697
July 31, 1941	563	9,086	1,978	1,003	213	1,711	12,067
Total	-----------	-----------	-----------	-----------	2,933	11,130	-----------

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[1] Average per month, total for these 3 months was divided by 3.

As of July 31, 1941, the total number of men in the Detroit program, excluding any youth on National Youth Administration who had received training or are in the process of completing training, is 33,033.

Our instructors report 2,933 preemployment trainees have secured placement as of July 31. Our records show that in addition 11,130 men in these preemployment classes have concluded their training as of July 31 either by completion or discontinuance. Our spot survey shows that 81 percent of discontinuance termination are self-placements. Reports from the Michigan State Employment Service, which is the agency solely responsible for placement, should show a large number of placements made from the 11,130, but there will still remain a vast number of self-placements of which there is no record.

PROCEDURES EMPLOYED IN DETROIT'S DEFENSE VOCATIONAL EDUCATION PROGRAM

REPORT BY WARREN E. BOW, DEPUTY SUPERINTENDENT OF PUBLIC SCHOOLS, BOARD OF EDUCATION, DETROIT, MICH.

Speaking specifically in terms of procedures employed in the vocational education program for national defense in Detroit, we can illustrate best by citing a particular instance.

Many months ago, when a large automobile concern in this area realized that the fulfillment of his large defense contracts, both actual and impending, would necessitate new skills, one of our representatives was called into consultation. The procedure outlined below was then worked out and carried through to a successful conclusion.

1. The new production was broken down and analyzed in terms of the necessary operations, and the number of operators necessary in each operation, and the necessary skills for the operations.

2. The employer distributed to many thousands of his employees a questionnaire asking in detail for his work history previous to his present job in the plant. This survey resulted in the uncovering of men with unsuspected skills and experiences necessary in defense production which were not being employed in the then current production.

3. Matching a list of employees, made up of those available with the desired skills, plus those whom the questionnaire disclosed as having partial or complete necessary skills, against the list of necessary operators and skills, resulted in a detailed list of men to be trained further, plus a list of those for whom it was necessary to refresh in latent skills.

4. A representative of our office then matched this composite and detailed list of individual training needs against a list of all school shops, showing the training stations where such skills could be taught. Consideration was also given to the geographical location of the training stations and the trainee's home. Then individual post cards were sent to the 2,800 men to be trained, telling them not only the school to report to, but also indicating the particular machine to which they were to be assigned. Since this program was to be conducted while the men were still employed on nondefense production, the training was held after hours on the trainee's own time. Most of the assignments were for Sundays, with a double 6-hour shift, though other classes were opened during the evenings and Saturdays.

5. Highly skilled instructors were selected and called to a series of special meetings in advance of the class meetings. Here they were informed of the exact and specific jobs for which the various men were to be trained.

6. Both the industry and the vocational education program for national defense kept constant supervision of the instruction by assignment of special supervisors to this particular activity.

7. When it developed that in some instances particular kinds or quantities of equipment were not adequately available within the schools, the industry cleared a wing of its plant and installed the necessary extra equipment. This shop is operated entirely by the vocational education program for national defense, just as a school shop would be. An expert from the plant was hired by the program as a center supervisor for this particular shop.

8. After the men were trained and assigned to their new defense production job within the plant, the instructional program was maintained. Men are not being upgraded further in shop techniques, but are taking training in related subjects such as shop mathematics and blueprint reading.

This is in some detail an example of a cooperative training program conducted by industry and the vocational education program for national defense which originated about 8 months ago. We are conducting other such programs for other plants in this area with minor modifications such as use of aptitude and qualification tests aimed at the particular needs of the particular plant.

From our experiences in this area, past and present, we know that if the industry will tell us whom to train, what to train them in, and when they must be trained, we can meet any and all challengs for training arising in this area.

When we speak of the cooperative efforts which make possible this approach to the training problem, we mean the splendid cooperation of both management and labor with our program.

STATISTICAL REPORT, VOCATIONAL EDUCATION PROGRAM FOR NATIONAL DEFENSE

BY DETROIT BOARD OF EDUCATION

Period of Aug. 1 to Aug. 31, 1941

PLAN I. PREEMPLOYMENT

Subject	Number of classes	Number of trainees in class as of Aug. 31	Subject	Number of classes	Number of trainees in class as of Aug. 31
Machine-tool operation	45	891	Sheet metal	2	34
Metal bench work	11	235	Metal forming	1	11
Airplane wing construction	13	281	Aero riveting	3	56
Aero mechanics	1	18	Aircraft welding	2	44
Foundry	1	23	Inspection techniques	1	33
Welding	6	114			
Drafting	3	74	Total	89	1,814

PLAN I. SUPPLEMENTARY

Machine-tool inspection	1	15	Aircraft layout	2	45
Welding	64	1,336	Aero mechanics	1	18
Metal bench work	5	105	Blueprint reading	42	1,188
Driver mechanics (Army)	2	29	Drafting	16	367
Diesel engines	8	156	Electricity and magnetism (Army)	3	41
Army office practice	2	32	Inspection techniques	10	242
Aviation engines	11	195	Aircraft welding	5	109
Pipe welding	2	39	Aero riveting	28	556
Aero construction	2	41	Steam engineering	1	11
Electric power wiring	4	110	Machinist's mates (Navy)	24	483
Machine-tool operation	172	4,123	Metalsmiths (Navy)	10	172
Shop math	19	423			
Radio	1	24			
Sheet metal	2	45	Total	438	9,920
Aircraft drafting and layout	1	15			

PLAN I. NATIONAL YOUTH ADMINISTRATION, DEFENSE TRAINING

Machine shop	10	329	Aero riveting	1	21
Welding	5	135	Aero construction	1	16
Blacksmith and heat treating	1	22	Auto mechanics	2	75
Sheet metal	3	73			
Aviation engines	1	16	Total	26	755
Woodworking manipulations	2	68			

PLAN III. NATIONAL YOUTH ADMINISTRATION

Drafting	1	17	Machine-tool operation	3	59
Office machines practice	2	69	Auto mechanics	1	18
Clothing construction	3	65	Training for retail jobs	3	36
Shorthand and office practice	1	18	Commercial sign work	1	14
Typing	1	14	Laboratory technique	1	13
General clerical practice	1	18	Home hygiene	2	25
Typing and general clerical practice	5	110	Total	25	476

TOTAL PROGRAM CLASSES AND ENROLLMENT AS OF AUG. 31, 1941

Type of plan	Number of classes	Total number of trainees	Number of Negro trainees	Number of Work Projects Administration trainees	Number of Michigan State Employment Service trainees
Plan I:					
(*a*) Preemployment	89	1,814	266	820	994
(*b*) Supplementary	438	9,920	228		
(c) National Youth Administration defense training	26	755	167		
Plan III:					
(*a*) National Youth Administration	25	476	139		
Total	578	12,965	800	820	994

Peak enrollment for all classes period of Aug. 1 to 31, 1941

Plan I, enrollment of Aug. 31, 1941	12, 489
Plan III, enrollment of Aug. 31, 1941	476
Training concluded (Aug. 1 to 31, 1941)	4, 214
Peak enrollment	17, 179

BOARD OF EDUCATION,
Detroit, Mich., September 24, 1941.

MR. JOHN W. ABBOTT,
Chief Field Investigator,
House Committee Investigating National Defense Migration,
Detroit, Mich.

(Attention Mr. Riley.)

DEAR MR. ABBOTT: While attending your meeting of September 24, 1941, in the Federal Building, Detroit, Mich., I understood Lieutenant Commander Eade to say in his testimony that he was only familiar with the Briggs Manufacturing Co. training set up for aircraft work.

I believe you should be informed as to the relationship between the vocational education program for national defense, Detroit Board of Education, and the Briggs Manufacturing Co.

On September 19, 1940, a class was started through the cooperation of Mr. Henry Roesch, industrial relations director, and the Detroit Board of Education. The Detroit Board of Education loaned the building facilities, and partial equipment, such as benches, sheet-metal brake, and shear. Briggs Manufacturing purchased and loaned to the national-defense program such equipment as vises, electric drills, air hammers, rivet sets, heat-treating furnace, etc. The Briggs Manufacturing Co. assigned men on their pay roll who had been trained in plants in the eastern and western parts of the United States to assist our teachers in the correct procedures for doing aircraft operations. At that time Briggs Manufacturing selected approximately 35 men from their plant and continued the men on their pay roll during training. After about 5 weeks of shop work many of the individuals were selected and sent to an eastern aircraft plant for further training. I understand these men later became foremen within the plant.

Classes were operated 24 hours a day, in shifts of 6 hours. Trainees were selected from Work Projects Administration rolls, after Work Projects Administration officials had carefully interviewed each individual. Michigan State Employment Service recommended many other men who were trained 300 clock hours.

Shortly after starting one room in the Carstens school, the demand for training was so great that one additional shop was opened and one lecture room. This was followed by the opening of two shops and one lecture room at Commerce High School. Again demand necessitated the opening of two additional shops at Aero Mechanics School, and the Vend School with a capacity of 250 training stations. All facilities mentioned so far have been in addition to equipment at Cass Technical High School.

Aircraft training shops operate 24 hours a day. Preemployment classes declined after a period of time due to lack of trainees. At this period of training we received requests from Murray Manufacturing, Briggs Manufacturing, and Hudson Motor Car Co. for conversion training. The companies mentioned, selected men employed by them to whom they suggested that they take a conversion training course in aircraft riveting. Labor assisted in selecting men on a seniority basis. The men from the companies were informed there was a possibility they might be laid off, however, if they could do aircraft work, they would be the first assigned to that employment when the departments opened for production. The conversion training program is now operating 7 days a week for the above-mentioned companies.

In regard to Briggs Training Within Industry School; Mr. Henry Roesch, in charge of the school has mentioned that when the company hires men who have been training on the vocational education program for national defense they are given a test job to check their ability. After the check has been made, the men are assigned actual aircraft jobs from which they are later transferred to the production line. Mr. Roesch was asked where he thought the men on the present production line come from, and his remark was that 95 percent had been trained on the vocational education program for national defense in the foregoing facilities made available by the Detroit Board of Education and in cooperation with the State board of control for vocational education, who purchased the majority of the equipment on the national defense training program.

May we also take this occasion to call to your attention our formal report submitted on September 12 which relates a general program in this and kindred activities. Attention is also called to our supplementary report pursuant to your recent letter of September 18 answering a question regarding our technique in conversion training.

Yours very truly,

(Signed) Warren E. Bow,
Deputy Superintendent.

Exhibit 17.—Priorities Unemployment and Need in Detroit[1]

REPORT BY LABOR DIVISION, WORK PROJECTS ADMINISTRATION, FEDERAL WORKS AGENCY, WASHINGTON, D. C.

September 26, 1941.

More than three-fourths of the total employment in the automobile industry in the Nation is concentrated in Michigan, and three-fourths of the workers employed in the industry in Michigan are in Wayne County (Detroit). Thus, Detroit will be especially hard hit by the drastic curtailment of automobile production. Local estimates indicate that net unemployment for the area will reach 30,000–40,000 by December, and may reach 60,000–80,000 by the end of January 1942. The unemployed will not be absorbed by the expansion of defense employment before the summer of 1942 at the earliest.

Automotive employment in the Detroit area totaled about 280,000 in May 1941 before the seasonal reductions this summer. An industry-wide quota of 200,000 units per month, a reduction of 48.4 percent from the rate of production during the 1941 model year, has been established for December 1941. According to estimates prepared by the Michigan Unemployment Compensation Commission, this quota will cause a decline in nondefense automotive employment from the May peak of approximately 75,000 by December, and more than 112,000 by January 1942. The losses in employment will be only partially offset by estimated over-all increases in defense employment of 45,000 and 55,000 by November 30, 1941, and January 31, 1942, respectively. It is further expected that the cut in automobile employment will be accompanied by the loss of at least 20,000 jobs in the nonmanufacturing services and trades by January 1942. Thus, net losses in employment in the Detroit area will total 30,000–40,000 jobs in December 1941 and may reach 60,000–80,000 by the end of January 1942.

These estimates assume the continuance of the 40-hour week. Even with the 32-hour week, which some manufacturers think would not be feasible on an industry-wide basis, the net increase in unemployment, on the basis of current estimates, will total 30,000–40,000 in January 1942.

EMPLOYMENT TRENDS AFTER JANUARY 1941

Estimates of employment trends after January 1942 are less definite. If a further cut to 25 percent of 1941 production is ordered, a step which some local sources anticipate, an additional 35,000–50,000 workers will be thrown out of work in Detroit. Estimates of defense employment based on present contract figures indicate that even if no further curtailment of consumer production is required the unemployed will not be absorbed before the late summer of 1942. If additional cuts are made in automobile production the jobless will not be reabsorbed before the beginning of 1943.

During the past 12 months employment in the manufacturing industries in Detroit, particularly in the automobile industry, has been steadier than in previous years. Extensive seasonal lay-offs did not begin this year until the middle of

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[1] A paper on Priorities Unemployment and Need in Michigan, from the same source, appears in this volume as Exhibit 9, p. 7585.

July. Between July and August it is estimated by the Detroit Board of Commerce that 95,000 automobile workers were laid off. About 50,000 of these workers were still unemployed on September 1. As the new model season was well under way by this time at a level 26.5 percent below the previous year, most of these workers had little prospect of being reemployed in the industry. No additional lay-offs of any appreciable size are expected until the 48-percent curtailment order goes into effect in December. This will involve loss of jobs for another 25,000 workers.

The Michigan Unemployment Compensation Commission has estimated that 80 percent of the employed automobile workers will be eligible for unemployment-compensation benefits. On this basis, of the 112,000 automobile workers who are expected to lose their jobs by January 1942, some 20,000–25,000 will not be eligible for unemployment compensation. According to the State social welfare commission, from 10,000 to 15,000 of those ineligible for unemployment compensation will apply almost immediately for relief or Work Projects Administration employment.

Local relief and Work Projects Administration officials in Detroit anticipate a gradual increase in need for the remainder of this fiscal year with probable spurts in December 1941 and January 1942 and again in March-April 1942. Since many workers dropped in July and August during the seasonal shut-down have not been rehired, unemployment-compensation benefits for those in this group who remain unemployed will be exhausted by December. Together with the usual seasonal increase in need this factor will place a greater burden on the local relief program at that time and will substantially increase the need for Work Projects Administration employment. The majority of the workers laid off in December and January, if not absorbed in other industries, will exhaust their benefits and begin to apply for relief and Work Projects Administration in March and April 1942.

The trend away from Work Projects Administration and general relief which has continued quite consistently during the past year has already been reversed. Separations for private employment have declined steadily in recent months and applications for both direct relief and Work Projects Administration employment have started to move upward, particularly during the latter part of August and the first week in September. Increases thus far reported have been small, however. The Wayne County relief load on September 5, 1941, showed a small increase for the third successive week. On that date it numbered 12,747 cases, about 10,000 less than a year ago. Work Projects Administration employment in Wayne County on September 3, 1941, was 11,556 compared with 26,916 a year ago. If present estimates of unemployment are accurate, and all of the needy applicants are cared for, the Wayne County relief load should increase to double its present size by early 1942. Since the relief agency makes a practice of immediately certifying all employable cases to Work Projects Administration, there should be a corresponding increase in the number of persons eligible for Work Projects Administration employment.

ACTIVE REGISTRATIONS, WAYNE COUNTY

Active registrations at the Wayne County office of the State employment service in late August 1941 numbered approximately 60,000, of which one-third had training or experience in manufacturing occupations. Except for near shortages among a few highly skilled occupations, the supply of labor even during peak employment periods has been more than adequate to meet all the needs of industry. As a result there has been little tendency for employers to relax their hiring specifications relating to age, color, citizenship, or sex for any but the most highly skilled occupations, and then only in terms of age.

Furthermore, the State employment service figures show that the influx of workers from other areas in Michigan, particularly from the Upper Peninsula and the northern cut-over area of the Lower Peninsula, and from other States is continuing. During July, 30 percent of the 12,000 new applications in Detroit were from workers last employed outside the Detroit area. This is the highest proportion of nonlocal registrations in the last 12 months and compares with ratios ranging from 17 to 26 percent in preceding months.

It is universally agreed that the problem of retraining is crucial in Detroit and that the retraining program will have to be substantially expanded to facilitate the transfer of nondefense workers to defense production. Many of the auto workers will need retraining before they can be accepted in defense jobs. Concern has been expressed that the Work Projects Administration, because of its reduced employment quotas, will not be able to expand its training program sufficiently to meet retraining needs.

Up to August 27, 1941, 7,383 Work Projects Administration workers have been employed in the defense-training program in Wayne County. Of this number 1,144 are still in training. Placements in private employment from the training program have been considered highly satisfactory. Of those not now enrolled 2,680, or 43 percent, are known to have found jobs, and it is believed that most of the 1,033 trainees who left Work Projects Administration without stating a reason also secured employment.

In general, the employment situation in Detroit threatens to become critical. Local informed opinion agrees that all the conditions are present for the creation of a slump which may not be overcome for a period of 6 to 12 months. Although unemployment-compensation benefits may, for a time, meet the needs of many of those who will be rendered jobless in the next 6 months, a substantial number will also be forced to seek aid from the general relief program and from Work Projects Administration. In this event present Work Projects Administration employment quotas will be entirely inadequate to meet the situation.

Exhibit 18.—Automobile Manufacture and the National Defense Program

REPORT BY WILLIAM J. CRONIN, SECRETARY, MANUFACTURERS' COMMITTEE, AUTOMOBILE MANUFACTURERS' ASSOCIATION, DETROIT, MICH.

September 17, 1941.

The whole-hearted cooperation of the members of the automobile industry with the defense program from the very beginning was first reflected in association action at the meeting of our board of directors held in New York on October 15, 1940, at which the attached resolution was adopted subordinating normal industry activity to defense needs.[1] This led to the establishment of the automotive committee for air defense at the request of the Office of Production Management and the United States Air Corps. It is evidenced further by the industry's willing acceptance of the Office of Production Management program for the curtailment of automobile production, by its abandonment of the automobile show this year and intention to omit new models for 1943, by its program for the conservation of scarce materials needed for defense, as well as by the heavy burden of armament production assumed by its members.

By the enclosed recommendation to members adopted by the board of directors of this association at their last meeting our board pointed to defense production as the industry's first objective, urged members to expedite employment of automobile workers on defense work and, on the basis of conditions in each plant and community, to cooperate in protection of the seniority status of workers in the movement from nondefense to defense employment.

Resolution Adopted by Board of Directors, Automobile Manufacturers Association

September 8, 1941.

The board of directors of the automobile manufacturers association has received proposals advanced to expedite the employment of automobile workers on defense assignments. The association cannot commit its member companies. However, recognizing that defense work is the industry's first objective, the board recommends that the individual companies take practical measures for expediting such employment in order to aid both the defense program and the automobile worker.

Consideration of the subject discloses that problems which will be encountered differ materially from community to community, and between individual plants.

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[1] The text of this resolution appears in material submitted by C. E. Wilson, president of General Motors Corporation, as Exhibit B, p. 7347.

The board believes, therefore, that such programs should be developed in their details locally.

The board urges individual companies to cooperate in working out, on the basis of conditions in the plant and the community, measures for effective recognition and protection of the seniority status of workers in the movement from nondefense work to defense work.

EXHIBIT 19.—EMPLOYMENT IN AIRPLANE PARTS DIVISION OF AUTOMOBILE PARTS FACTORY

REPORT BY H. J. ROESCH, DIRECTOR INDUSTRIAL RELATIONS, BRIGGS MANUFACTURING CO., DETROIT, MICH.

SEPTEMBER 16, 1941.

Our employment figures for the past 12 months are listed on the attached sheet under the heading "Defense and Nondefense Work."

A forecast of employment figures on defense work for the next 12 months, as far as can be ascertained from the best information available at this time, is as follows:

September 1941	447	March	356
October	311	April	220
November	326	May	385
December	308	June	250
January 1942	235	July	100
February	448	August	96

The figures given above are additions to our employment on defense work as of August 1941 when we had approximately 2,100 on the pay roll. We cannot forecast nondefense employment at this time.

Some of the technical problems arising in the conversion from civilian to defense production are as follows:

The only types of equipment that are nonspecialized in our body plants are: Stationary spot welders, stamping presses which are used in the drawing and forming of body stampings, shears used to cut sheet stock to sizes, and metal band saws used to cut parts which cannot readily be formed by dies.

The balance of our equipment, which consists mainly of conveyors which are designed specifically for pleasure car body construction, portable welders similarly specialized, and paint spray booths and ovens also designed specifically for pleasure car body construction.

Should we receive defense orders which would make it possible for us to use this equipment, it would be necessary to rebuild, in the main, all of this specialized equipment so that we could carry on mass production on any new item. This would entail the dismantling of conveyors which are on practically every foot of floor space in our various productive departments. You can readily see that dismantling a plant in this manner would take a great deal of time, and that the engineering on any new job which would come into this type of plant would also take a considerable length of time. It means also that the bulk of our employees would have to be unemployed until the transition was completed. There would be many months of unemployment resulting from such a move. Further, another technical problem arising in conversion from civilian to defense work would be a retraining of our personnel to carry on with new jobs.

The time element involved in retraining men would necessarily depend on the relationship between the defense job and the nondefense job, by which is meant that it would depend largely on the type of construction, materials used, and also on the hand tools to be used.

At the present time we are actively engaged in enlarging a training program which has been developed in our plant since July 1 of this year. It is expected that this training program will be in full force by December 1, 1941, at which time we will have 300 trainees on each of 3 shifts, or a total of 900 trainees each 24 hours. It is expected that the average length of time necessary to train a man in aircraft assembly work in our aircraft division will be approximately 300 hours per man. At this time we are about to start training men who have been employed in our nondefense plants, which will entail intensive instruction and in many instances the eliminating of practices which these men have carried on in our nondefense work for many years.

For instance, the care and handling of aluminum parts is a big factor in the elimination of waste aluminum. Where a man has formerly worked with steel he has developed some practices which cannot be tolerated in the fabrication of aluminum, such as hitting the fabricated part with a hammer, which is permissible on steel but not on aluminum.

This appears at first glance to be a very minor point, however, when you consider the years of experience involved in training the man on fabrication and assembly of steel automobile parts, it can be seen that the transition from one type of work to another will have to be given special attention to eliminate waste.

Then again there is the problem of teaching the men more of the theory of their trade than was necessary in highly specialized automobile work where the operations were designed for mass production is one of the factors which has not been thoroughly covered in the production of aircraft parts.

Defense and nondefense work—employment for past 12 months

	Nondefense	Defense
August 1940	10,681	6
September 1940	15,894	34
October 1940	17,155	99
November 1940	17,883	477
December 1940	17,850	582
January 1941	17,522	865
February 1941	17,672	1,036
March 1941	17,652	1,252
April 1941	17,439	1,486
May 1941	18,404	1,392
June 1941	18,586	1,460
July 1941	17,136	1,699

EXHIBIT 20.—DEFENSE EMPLOYMENT IN AUTOMOTIVE AND REFRIGERATOR PLANTS

REPORT BY LEWIS D. BURCH, INDUSTRIAL RELATIONS, NASH-KELVINATOR CORPORATION, DETROIT, MICH.

SEPTEMBER 24, 1941.

Attached are some sheets showing employment for both defense and nondefense in all the Nash-Kelvinator plants for the past year and also a forecast for the 7 months including September 1941.

As to the use of nondefense workers on new defense projects, we have done this as much as possible in the past. For example, in the Racine trailer plant the employees used there were 87 percent from the Kenosha plant.

Hourly pay roll for Kelvinator division employees at Detroit, Mich., engaged in manufacturing domestic and commercial refrigeration equipment and defense products

	Nondefense	Defense
August 1940	1,637	0
September 1940	1,139	0
October 1940	1,311	0
November 1940	1,572	0
December 1940	1,786	0
January 1941	1,901	0
February 1941	2,059	0
March 1941	2,235	0
April 1941	2,333	0
May 1941	2,415	0
June 1941	2,406	0
July 1941	2,240	0
FORECAST FOR THE NEXT 7 MONTHS		
September 1941	1,900	6
October 1941	1,900	25
November 1941	1,900	50
December 1941	1,200	150
January 1942	1,200	500
February 1942	1,200	650
March 1942	1,200	650

Hourly pay roll for the Nash plant at Kenosha, Wis., manufacturing passenger-car automobiles and certain defense parts

	Nondefense	Defense		Nondefense	Defense
August 1940	1, 585	0	February 1941	3, 037	0
September 1940	2, 367	0	March	3, 127	0
October 1940	3, 896	0	April 1941	3, 320	80
November 1940	3, 931	0	May 1941	3, 302	80
December 1940	3, 776	0	June 1941	2, 964	80
January 1941	2, 772	0	July 1941	1, 320	80

FORECAST FOR THE NEXT 7 MONTHS

September 1941	2, 494	120	January 1942	1, 400	100
October 1941	2, 400	50	February 1942	1, 050	100
November 1941	2, 400	50	March 1942	1, 050	100
December 1941	1, 700	100			

Hourly pay roll for Leonard division, Grand Rapids, Mich., manufacturing stoves and refrigerator cabinets

	Nondefense	Defense		Nondefense	Defense
August 1940	2, 351	0	February 1941	2, 930	0
September 1940	672	0	March 1941	2, 953	0
October 1940	1, 748	0	April 1941	3, 007	0
November 1940	2, 314	0	May 1941	3, 197	0
December 1940	2, 456	0	June 1941	3, 351	0
January 1941	2, 812	0	July 1941	3, 065	0

FORECAST FOR THE NEXT 7 MONTHS

September 1941	2, 365	0	January 1942	1, 600	0
October 1941	2, 365	0	February 1942	1, 600	0
November 1941	2, 365	0	March 1942	1, 600	0
December 1941	1, 600	0			

Hourly pay roll for Seaman body division, Milwaukee, Wis., manufacturing bodies for Nash automobiles

	Nondefense	Defense		Nondefense	Defense
August 1940	962	0	February 1941	2, 732	50
September 1940	2, 258	0	March 1941	2, 872	50
October	3, 551	0	April 1941	3, 166	50
November 1940	3, 245	0	May 1941	3, 198	50
December 1940	3, 101	0	June 1941	2, 897	50
January 1941	2, 955	0	July 1941	508	50

FORECAST FOR THE NEXT 7 MONTHS

September 1941	2, 500	50	January 1942	1, 600	50
October 1941	2, 500	50	February 1942	1, 600	50
November 1941	2, 500	50	March 1942	1, 600	50
December 1941	1, 800	50			

Hourly pay roll for Wisconsin national-defense division at Racine, Wis., manufacturing trailers for the U. S. Army

	Nondefense	Defense		Nondefense	Defense
August 1940	0	0	February 1941	0	12
September 1940	0	0	March 1941	0	130
October 1940	0	0	April 1941	0	286
November 1940	0	0	May 1941	0	254
December 1940	0	0	June 1941	0	240
January 1941	0	0	July 1941	0	244

FORECAST FOR THE NEXT 7 MONTHS

September 1941	0	244	January 1942	0	0
October 1941	0	50	February 1942	0	0
November 1941	0	0	March 1942	0	0
December 1941	0	0			

Hourly pay roll for propeller division, Nash-Kelvinator Corporation, Lansing, Mich., to be engaged in manufacturing propellers for airplanes

	Nondefense	Defense		Nondefense	Defense
August 1940	0	0	February 1941	0	0
September 1940	0	0	March 1941	0	0
October 1940	0	0	April 1941	0	0
November 1940	0	0	May 1941	0	0
December 1940	0	0	June 1941	0	0
January 1941	0	0	July 1941	0	0

FORECAST FOR THE NEXT 7 MONTHS

September 1941	0	10	January 1942	0	1,000
October 1941	0	100	February 1942	0	1,500
November 1941	0	250	March 1942	0	2,000
December 1941	0	500			

Exhibit 21.—Denial of Employment to Aliens

REPORT BY FLORENCE G. CASSIDY, SECRETARY, NATIONALITY COMMITTEE, COUNCIL OF SOCIAL AGENCIES OF METROPOLITAN DETROIT

September 20, 1941.

I am particularly concerned about the problems of overcrowding of housing facilities and schools caused by the coming to Detroit of migratory workers to take jobs which might possibly be filled by local workers. A case in point has been the unwillingness of employers to employ aliens even when there was not a specific statutory prohibition of their employment. In other words, in some instances the employer has gone further than the law demands in denying employment to aliens with mechanical skills. When such aliens are persons of unquestioned loyalty to the United States and when their lack of employment means a lack of good local defense workers, a somewhat serious problem is created.

Exhibit 22—Effect of National Defense on Negro Employment in Detroit

REPORT BY GLOSTER B. CURRENT, EXECUTIVE SECRETARY, DETROIT BRANCH, NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE

September 15, 1941.

Since the establishment of the national-defense program, Negroes, as a whole have been fighting for an equitable share in manning the industries vital to the Nation's defense. Industrial expansion and absorption of labor into national-defense industries found the Negro laborer in Detroit faced with the same dilemma—"last hired, first fired." The advent of new industries and the curtailment of certain types of civilian production, coupled with reclassification of employees and training program designed to create a skilled-labor supply for new operations, has not materially aided the Negro workman. A number of organizations and agencies are trying to work out solutions for Negro-employment problems. However, the difficulty faced by all is the same: Lack of accurate information and statistics.

EMPLOYMENT AND TRAINING

The Tolan committee, investigating national-defense migration and the effect of the movement of people on community facilities, asked the Detroit branch of the National Association for the Advancement of Colored People to write a paper for its public record covering the following points:

1. A compilation of Negroes employed in defense and nondefense plants in the Detroit area, tabulated to occupational classifications.
2. A compilation of Negroes enrolled in national-defense training courses.

Negroes employed in defense and nondefense plants.—Total figures on the number of Negroes employed in defense and nondefense plants in the Detroit area are not available. Plants are reluctant to release information showing an occupational break-down of employees according to race. Even the State employment service experiences difficulty in compiling information relative to Negro placements in industry. Cooperation with the President's memorandum to the Office of Production Management in June 1941, which stated: "Government cannot countenance continued discrimination against American citizens in defense production * * *," is difficult to obtain. His exhortation to industry to "open" the doors of employment to all loyal and qualified workers regardless to race, national origin, religion, or color, still goes unheeded by many industries with large defense contracts.

In a letter from Mrs. Geraldine Bledsoe, supervisor of Negro placements for the Michigan State Employment Service, we learn that figures are only available for a few of the major industries. Mrs. Bledsoe states: "As to the total number of Negroes now employed in Detroit industries, we can only give results of a check-up that our field service made of a quite inclusive list of local industries, although we did not get figures on all of this list. Figures were received for 57 industries employing a total of 21,099 Negroes."

From another source we learn that 29 industries employ 12,214 Negroes. Of these the Ford Motor Co. and the Packard Motor Co. account for 11,560. Incidentally, the two aforementioned auto manufacturers have, in the past, made definite efforts to employ Negroes in skilled and semiskilled classifications. Because of the divergence of sources, it is impossible to draw comparisons from the totals mentioned.

DISCRIMINATION

When we look at the estimated employment needs as mentioned in table I (44,794) the outlook for Negro employment should be hopeful. Yet, in actual practice, that is not the case Local employers constantly overlook available labor supply and will not consider Negroes in skilled occupations.

Examples of discrimination.—The Briggs Manufacturing Co. has flagrantly violated the President's Executive order by refusing to employ Negroes in the aviation plant. In the Detroit Free Press for September 10, 1941, there appeared an article stating the results of the company's efforts to reach mass production on $40,000,000 worth of airplane assemblies. Mr. Robert Perry, Free Press automotive editor, cites figures to show that "More than 3,000 men are now at work, in addition to 400 apprentices in a training school in the same building. The National Association for the Advancement of Colored People, in a press release for September 13, 1941, brought out the fact: "Although the Briggs Manufacturing Co. here wants all the riveters they can get, three affidavits sent to the President's Committee on Fair Employment Practice in the last 2 weeks charge the company with refusing to employ Negro workers."

On July 11, 1941, James Douglass, who completed a training course sponsored by the board of education, received the following telegram:

1941, JULY 11—P. M. 12:49.

"JAMES DOUGLASS,
657 Medbury—Detroit;

"If unemployed report Conner plant Friday a. m. for interview.

"BRIGGS MFG. CO. CONNER PLANT,
"STREETER."

When Douglass went to the company for his interview he was informed that "There must be some mistake."

There are numerous "incidents" of similar cases reported to the association. In some instances, plants like Ford's, who in the past had a reputation for fair employment practices, are hesitant to absorb Negro skilled workmen into defense industries. Skilled workmen have reported that applications for transfers to the Ford aircraft factory have not been honored, whereas white workers with equal seniority have been placed.

An employee of the Dodge truck plant reported to the association that there have been no Negroes hired in the plant since 1937. The Negroes who are working in this plant have not been promoted according to seniority, whereas white workers have been promoted to jobs of higher classification and pay.

The employment service reports that "The scarcity of workers available for employment in defense occupations, together with the general tightening of the labor market, has resulted in a continued relaxation of employer specifications as to color, age limits, and physical requirements." [1]

This relaxation has resulted in an increased number of employment-service placements of colored workers. On the other hand, there are complaints registered against the employment service that it tends to shy from breaking down barriers. Many national-defense trainees have reported to the association that they have been sent on car-washing jobs and to other menial jobs by the employment service.

Negro participation in national-defense training.—The amount of participation of the Negro in the vocational-education program for national defense has not been very large. However, in view of the relatively small number of placements of trainees, it is no small wonder that Negroes must, of necessity, prepare for occupations that are now closed to them. Mr. Ernest Marshall, supervisor of guidance for vocational training for national defense, has worked diligently trying to interest Negro youth in training for jobs in industry. One of his most difficult problems was convincing youth that placements would come as the result of training. Always before them lay the examples of friends who had completed training courses but had not been placed.

Table I shows that of 2,476 Negro trainees enrolled in classes from February 16 to July 31, 1941, 124 are reported to have left the program to enter employment. Of this number, there are only 31 known placements as the result of training. Approximately one-third (734) of the total enrolling in the program are still unplaced in industry and constitute a reservoir of skilled and semiskilled Negro labor. The association maintains that this reservoir should be tapped before outside labor is brought into Detroit.

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[1] State Employment Service—Labor Market Bulletin.

TABLE I.—*Negro participation in the vocational-educational program for national defense*

Number of Negro trainees enrolled in classes from Feb. 16 to July 31, 1941		2, 476
Reported left program to enter employment		124
Known placements as a result of training		31
Completed training, not reported placed		734
Number enrolled in classes July 31, 1941		679
Preemployment	319	
Supplementary	137	
National Youth Administration defense training	77	
National Youth Administration	146	

Training within industry.—One of the most important phases of the industrial defense program is the training within industry. The Training Within Industry Labor Division of the Office of Production Management could not supply us with any break-down relative to Negro participation in this program. However, personal contacts with the personnel managers of several large plants reveal that men are "requisitioned," to quote the words of one manager, for training in specific operations in new defense plants.

The requisitioning process works to the disadvantage of the Negro laborer. On the basis of seniority and basic skills, men are brought into the training program of some plants and thus guaranteed employment. But, due to a peculiar interpretation of "seniority," the Negro is effectively barred from the training program. Moreover, reclassification of operations which employ Negroes in some plants has resulted in colored workers not being able to qualify as possessing basic skill necessary for inclusion in the training program. In one instance, we asked the personnel manager what would be the reaction of his company to Negroes who could not qualify for training within the industry to enroll outside in courses offered by the vocational education program. He blandly stated that: "There is no chance for the Negro in defense industry unless a large number of defense contracts are forthcoming which will use up all available supplies of skilled labor." By "available supply" and "skilled labor," we deduce that he and many other manufacturers mean labor other than Negro labor.

CONCLUSION

Through effective control methods and prejudice, national-defense industries are preventing Negro labor from receiving an equitable share of defense employment. The change-over that is going on in the auto industry is not, at present, giving the Negro laborer the same chance for absorption into defense industries as is afforded the white worker. Training within industry is not open, in many instances to Negroes because of seniority and need of basic skills. Employers are unwilling to grant promotions to colored workers, or allow them to replace white workers in jobs of higher classifications who have been transferred to national-defense operations.

Trained Negro labor is not being utilized. The National Association for the Advancement of Colored People has certified many cases to the Fair Employment Practice Committee for investigation of industrial discrimination. We hope that by waging a constant fight for alleviation of these practices to gain for all workers, regardless of race, creed, or color, the opportunity to share equally in national defense through participation in Detroit's industrial program.

TABLE II.—*Occupational break-down of 29 defense industries*

	Skilled men	Semi-skilled men	Unskilled men	Women	Negroes	Employment need
Company—						
A	170	170	85	29	0	600
B	60	20	5	3	0	100
C	--------	--------	--------	90	--------	10
D	3, 622	7, 472	225	712	560	14, 681
E	20	20	20	2	3	--------
F	60	120	90	25	6	100
G	125	35	6	3	1	20
H	1, 000	600	300	0	0	--------
I	2, 000	2, 000	1, 000	900	50	500
J	900	450	400	0	0	1, 200
K	30	75	180	0	0	415
L	90	650	110	20	23	--------
M	1, 355	2, 670	3, 598	612	133	6, 000
N	1, 262	2, 569	1, 354	6	183	1, 100
O	300	700	--------	450	20	200
P	15	75	60	14	0	25
Q	45	180	0	25	--------	60
R	113	437	40	2	0	--------
S	250	175	175	0	0	700
T	250	0	0	0	0	6, 500
U	40	80	60	10	4	20
V	16, 677	65, 830	5, 267	0	11, 000	7, 000
W	206	49	10	10	0	275
X	87	58	0	0	0	0
Y	65	--------	--------	--------	--------	--------
Z	320	250	40	100	0	100
(A)	260	200	70	0	0	1, 000
(B)	800	3, 410	0	200	225	3, 400
(C)	78	307	115	0	0	0
(D)	87	250	25	0	0	638
(E)	600	2, 578	401	0	0	150
Total	133, 383	91, 340	13, 636	3, 214	12, 214	44, 794

NOTE.—18 of the companies represented in the table do not employ Negroes. Yet estimated total employment needs of these plants is 11,673 men. The association maintains that local plants could easily absorb all of the available skilled and semiskilled Negroes without difficulty if discriminatory policies were removed.

(The names of plants in table are omitted due to promise not to divulge the source of information.)

EXHIBIT 23.—ADVERTISING IN DETROIT TO FILL CALIFORNIA JOBS

PAID NOTICE IN DETROIT NEWS, SEPTEMBER 9, 1941, BY MICHIGAN STATE EMPLOYMENT SERVICE

ATTENTION!

AIRCRAFT JOBS

SAN DIEGO, CALIF.

NEEDED IMMEDIATELY AUTOMATIC SCREW MACHINE OPERATOR

Up to $1.15 per hour

MILLING MACHINE OPERATORS

Up to $1.15 per hour

The above men must have at least 2 years experience, be able to read blueprints and set up own work.

TOOL MAKERS

Up to $1.30 per hour. Must be experienced on small tools, jigs, and fixtures.

All machine operators, tool makers, and wood pattern makers must furnish own tools and precision measuring instruments as required.

TOOL DESIGNERS

Up to $225 a month. Capable of designing special tools and fixtures for machine use.

Company has defense orders that guarantee at least 2 years solid work. Present workweek is 50 hours, of which 10 hours is at 1½ times regular hour rate. Extra bonus for night work. San Diego's Homes Registration Office will lend assistance to you in finding suitable housing. Applicant's traveling expenses will be refunded to him. Details in interview. You must be able to furnish documentary proof of United States citizenship. Men presently employed in defense industries will not be considered.

NO FEES CHARGED

MICHIGAN STATE EMPLOYMENT SERVICE
112 East Jefferson Ave.
Phone Randolph 5925
Address Box 723, Detroit News

EXHIBIT 24.—NATIONAL DEFENSE IN PLYMOUTH, MICH.

REPORT BY C. H. ELLIOTT, CITY MANAGER, PLYMOUTH, MICH.

SEPTEMBER 4, 1941.

HOUSING BY INDUSTRIES

Below is a tabulation to show the percentage of employees in the various industries in and around Plymouth living within a radius of 5 miles of the industry; those living between 5 and 10 miles; those living between 10 and 15 miles and those living more than 15 miles from their place of work. It is extremely interesting to note that the larger percentage lives within the 5 miles radius.

Industry	Plymouth		5 miles		10 miles		15 miles		Over		Total
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
Allen Industries	114	76	12	8	15	10	9	6			150
Burroughs Adding Machine Co	35	10	17	5	35	10			263	75	350
Daisy Manufacturing Co	308	94	6	2	5	2	6	2			325
Dunn Steel Co	43	63	5	7	18	25	4	5			70
Hamilton Rifle Co	3	30	3	30			4	60			10
Plymouth Gauge Co	3	1	5	2					16	97	24
Plymouth Tube Co	47	84	4	8	4	8					55
Plymouth Stamping Co	25	83	3	10	2	7					30
Kelsey Hayes Co	170	20	25	3	230	27	315	37	110	13	850
Wall Wire Co	77	55	7	5	35	25	21	15			140
Total	825	41.1	87	4.4	344	17.2	359	17.9	389	19.4	2,004

An attempt was made to estimate the number of nonresident employees of the various industries. It is impossible to guarantee these figures. The information was received by personal interviews with the employment manager in the various concerns.

Industry	Nonresident	Percent nonresident	Percent out of State
Allen industries	75	0.50	0.25
Burroughs Adding Machine Co	110	.31	.20
Daisy Manufacturing Co	36	.11	.03
Dunn Steel	35	.50	.35
Hamilton Rifle	4	.25	.20
Plymouth Tool Gauge	21	.87	.55
Plymouth Tube Co	36	.65	.30
Plymouth Stamp Co	8	.26	.16
Kelsey Hayes Co	625	.73	.70
Wall Wire Co	65	.47	.38

AREAS AND POPULATION

The city of Plymouth was first incorporated as a village in 1867 by special act of the legislature. No changes were made in the village charter until 1918, at which time Plymouth became the fifth town in the State of Michigan to adopt the commission-manager form of government. It still maintained its village charter, however, until 1932. In May of that year, the village charter was changed to a city charter under the commission-manager form of government. Throughout the decades Plymouth has grown rather gradually until the present time—there is a population of approximately 6,000 living in an area of 1.84 square miles. The 1920 census of Plymouth was in the neighborhood of 2,800; the 1930 census 4,500, and the 1940 census 5,360. Plymouth has grown from a strictly agricultural community and composed of retired farmers and the necessary service employees to a town quite largely composed of the laboring element. It is true that being seated in a beautiful setting close to a large city that we find a large number of professional people residing here. Very few cities in the State can possibly boast of as large a percentage of its population graduated from colleges and universities. This is caused by the house of correction located within 3 miles of the city, the Wayne County Training School located about the same distance, the Wayne County road system and park system all employing technically trained individuals who have found it advantageous to live in this proximity. The contiguous area of Plymouth includes approximately 22 square miles and in this area, together with the inhabitants of the city of Plymouth, there are 13,860 people residing.

AVAILABLE BUILDING SITES

Within the city of Plymouth there are now available for building approximately 1,670 lots. These lots vary somewhat in size but would average 50 by 120. The average assessed valuation of the vacant lots, excluding business and commercial, is $140. Fully 75 percent of the lots have access to water and sewers. Around the city there are 10 subdivisions which have an estimated number of available lots in the amount of 7,000. Very few of these have access to water and sewer. Many are able to have water by the old method of drilling wells. The city of Plymouth is at all times ready at the will of the owner of property to lay water mains and sewer mains in anticipation of building. We have followed a conservative policy in the past and shall continue to do so in the future, but when individuals are willing to build, the city will not shirk its duty.

VALUATIONS WITHIN THE CITY

Our assessor has made a detailed study to show the number of homes in the city assessed under $1,000; those between $1,000 to $2,000, etc. The results of his study are tabulated herein:

Dwellings in Plymouth corporate area

Assessed valuation, under $1,000	293
Assessed valuation, $1,000 to $2,000	806
Assessed valuation, $2,000 to $5,000	270
Assessed valuation, $5,000 to $10,000	26
Assessed valuation, $10,000 to $20,000	3
Total	1, 398

Assessed valuations, corporate area

Assessed valuation, 1941:	
Buildings	$3, 167, 200
Land	$1, 548, 930
Total area assessed, square feet	51, 296, 256
Average assessment per square foot (land)	$0. 0302

The above table was completed in May when the city completed its assessment roll.

RESTRICTIONS

Zoning.—Within the city of Plymouth a zoning ordinance was passed by the commission which has been strictly adhered to. The zoning ordinance divides the city into six districts.

There is inserted herewith a table to give briefly the various definitions of each plat along with the number of square feet of area in the city and the percentage of the total area.

Class A: One- and two-family dwellings, churches and temples, public, parochial schools, colleges, libraries, farming and truck gardening.

Class A: 39,873,831 square feet, 77.6 percent.

Class B. Any use permitted in A and apartment houses, hotels, private clubs, fraternities and lodges, boarding and lodging houses, hospitals, institutions of an educational, philanthropic, or eleemosynary nature, nurseries and greenhouses.

Class B. 6,639,375 square feet, 12.8 percent.

Local business: Any use permitted in A or B or for any other except building material or contractors storage, lumber yards, etc.

Local business: 899,775 square feet, 1.7 percent.

Commercial district: Any use permitted in A, B, or local business, except bakeries, bottling works, junk yards, coal yards, etc.

Commercial district: 1,323,675 square feet, 2.6 percent.

Industrial district: Any use permitted in A, B, local business, or commercial except abattoirs, blast furnaces, coke ovens, etc.

Industrial district: 2,367,600 square feet, 4.6 percent.

Heavy industrial district: Any use permitted within the provisions of any ordinance regulating nuisances, odors, vibrations, etc.

Heavy industrial district: 192,000 square feet, 0.7 percent.

PRIVATE RESTRICTIONS

The zoning ordinance in accordance with the State law zones for height, use, and area. It cannot zone for valuation. However, a number of the subdivisions in the city have provided subdivision restrictions which have made it mandatory to group buildings fairly well. Approximately 28 percent of the city is devoted to small homes that would carry an assessed valuation of approximately $1,000 to $2,000; 55 percent of the city is devoted to homes that could be built for approximately $2,500 to $3,500; 13 percent would require homes $3,500 to $5,000, and 4 percent to homes over $5,000. A home that would be built by a contractor which would sell for approximately $5,000 would carry an assessment on our rolls of approximately $3,200. Our average home today throughout the city is assessed at approximately $2,500.

Outside the city approximately 63 percent of the area has some type of restrictions and 37 percent with no restriction whatsoever. We have endeavored in the past year and one-half to cooperate with the township officials urging them to adopt a zoning ordinance. We have not been successful thus far.

FURTHER RESTRICTIONS

The city of Plymouth has restricted properties further in that trailers and tourist homes and camps can be built only in a very small part of the city. The restrictions are rather stringent and to date no individual has seen it possible to investigate in such a camp. The city of Plymouth also restricts building in that all types must conform to our building code. This building code was passed in 1930 and does not permit a great latitude in some of the newer materials on the market. There are more stringent restrictions when building within the fire limits.

BUILDING PERMITS

We have listed below the number and amount of the building permits issued for our fiscal year ending June 30, 1940, and June 30, 1941. One notes some increase in the permits and the valuations. Most of the increase was due to developments taking place in the last month or so of the fiscal year of 1941.

Building permits, 1940:	
45 dwellings, reported value	$201, 700
5 stores and business, reported value	54, 900
152 remodelings, repairs, and replacements, reported value	46, 798
Total	303, 398
Building permits, 1941:	
57 dwellings, reported value	248, 480
13 stores and business, reported values	90, 000
Remodeling, repairs, and replacements	52, 133
Total	390, 613

WATER SUPPLY

Undoubtedly the greatest service carried on by a municipality is the water that it sells to its inhabitants. In 1890 the city of Plymouth developed a water supply from springs located about 5 miles from the nearest point of its city limits. This water supply has been most potable and satisfactory. The chemical analysis, however, shows that the water is rather hard. At the present time, with the increase in employment, new factories, and new homes, we are finding that the water supply is close to the water demand. It is therefore necessary for the administration to take immediate steps. We have been in touch with the State department of health, the conservation department, and others, and expect within the next month or two to drill test holes to obtain a larger water supply within the city limits. The information which has been made available to us indicates that there should be plenty of water in our own back yard. It is interesting to note that the average daily consumption in 1940 was 448,100 gallons. The average daily consumption in 1941 (for 6 months only), 608,900 gallons. This is nearly a 30-percent increase. On July 26, 1941, there was pumped 980,000 gallons. It is very doubtful if our supply could furnish 980,000 gallons. The water supply problem, therefore, becomes the first major problem of our municipality.

RECREATION

The year round recreational program has been carried on in the last few years jointly between the city of Plymouth and the board of education through a recreation committee. The program consists of basketball in the wintertime and is composed of eight boys' teams of post-school age and four girls' teams of post-school age in the evenings and eight junior high teams playing on Saturday. A small admission charge is charged for the evening games. Badminton is also on the program and an average of 28 to 36 participate in this program.

A summer recreational program is carried on under an athletic director, two paid instructors, five recreational leaders on four playgrounds in the city. A daily program of sports and handicraft for school-age children during the day and evening program of softball for adults during the evening. The average cost of this program would be around $800, borne jointly by the city and the board of education.

Under conditions existing and expected to exist due to the incoming of the workers in this area, the recreational program will need expansion. It has been noticed that the lack of an adequate recreational program in other centers is directly contributed to juvenile delinquency and in some cases to adult delinquency; and, under the conditions which will occur if a large population is migrated into this area, these delinquencies will become more pronounced if our recreational program is not expanded considerably.

PARKS

Due to the proximity of the Wayne County Park system to Plymouth, Northville, and the contiguous area, recreational and picnic facilities for a vast additional population is available and this phase of the migratory problem is perhaps the only one not needing attention or expansion, as the Wayne County Park Board and Road Commission have collaborated to build and develop 9 to 11 miles of park around this area.

SCHOOLS

Plymouth has a fractional district including Plymouth proper and parts of Plymouth and Northville townships with a total district area of about 12 square miles and a population of approximately 6,500. The school census for 1940 was 1,835 and the number of pupils outside the district accommodated in the high school was 424. The number of pupils from the outside district expected in 1941 is estimated to rise to around 600–650. The district consists of one high school and two grade schools with 35 high-school classrooms and 28 grade classrooms. The estimated additional space needed for the year 1941–42 is 10 to 15 more rooms. The school personnel consists of 1 superintendent, 3 principals, 1 nurse and 70 instructors at the present time. And the estimated personnel needed and to be added in 1941–42 is 5.

There is an increasing trend within the last few years toward special and vocational training, but, however, not showing very much of a decrease in the classical training. In other words, pupils are taking vocational and special training as additional studies. The number of pupils taking vocations training in 1941–42 is estimated at 600 and the number of adults taking this same training, but in the evening, is 40. The types of this training is industrial, manual arts, and home economics. The types and number of machines available for this training are metal lathes, 6; shapers, 3; milling machines, 1; surface grinders, 2; arc welder, 1; drill press, 1; wood lathes, 3; band saw, 2; jointer, 1; circular saw, 1; jigsaws, 5.

In a conversation with the superintendent on the effect of the Selective Service Act upon the availability of instructors, he informed me that two out of five were accepted and removed from the school list. However, it is not expected that there will be any further losses. He also informed us that due to the effect of increased industrial wages against instructor's salaries, two of his instructors were lost to industry and there may be more if salaries get too far out of line with increased living costs. However, there are no indications of dissatisfaction in the immediate future.

FACTORIES AT PLYMOUTH

Distance of home from plant

Factory	Total employees	Less than 5 miles	5 to 10 miles	10 to 15 miles	15 or more miles
		Percent	*Percent*	*Percent*	*Percent*
Kelsey-Hayes	750	13	27	47	13
Daisy Manufacturing Co	325	97	1	2	
Allen Industries	150	84	10	6	
Wall Wire	140	60	18	22	
Dunn Steel Products Co	70	70	25	5	

EXHIBIT 25.—SOCIAL WELFARE IN WAYNE COUNTY

REPORT BY WALTER J. DUNNE, DIRECTOR, DEPARTMENT OF SOCIAL WELFARE, WAYNE COUNTY, MICH.

Except for such Federal and State aid as is paid to the county of Wayne to partially meet the expense of the several welfare categories, the county is entirely dependent for the administration of all departments and activities on a direct tax on real and personal property and on such miscellaneous revenues as may be earned as fees for services by the several county departments and institutions. It should be pointed out in this connection that under section 20 of the constitution of the State of Michigan, "The total amount of taxes which may be assessed against property for all purposes for any one year shall not exceed 1½ percent of the assessed valuation of such property." Under this constitutional provision, therefore, the maximum which may be levied for the administration of all local government, including county, township, village, and city, except where charter provision prevails to the contrary, is $15 per $1,000 of the assessed valuation.

In the current fiscal year Wayne County was allocated 5.55 mills of this 15-mill limitation, and in the forthcoming fiscal year, the limitation allotted to Wayne County remains at 5.55 mills. In the budget for the current fiscal year, the maximum amount of tax was levied which could be raised under the 5.55-mill allocation, and in the budget for 1941–42, which is now in the course of preparation, it is apparent that this maximum must again be levied. These facts are pointed out in order to make it clear that the county of Wayne is at the present time utilizing every available source of revenue to the maximum in order to meet the existing requirements of county government.

Any unforeseen burden placed upon the county or the municipalities which it includes will obviously create an emergency. Should this emergency result from the current influx of defense workers to this area, and the emergency develops before the client has gained legal settlement, it is obvious that the county and its municipalities would have to look to the State and Federal Governments for additional aid in solving the welfare problems so created. Equally, if the emergency occurs after settlement has been acquired, a like problem is faced by the city of Detroit because of its legal responsibility for settled indigents.

In the fiscal year December 1939 to November 30, 1940, inclusive, the total relief expended by the county government amounted to $1,671,711.28, of which the State of Michigan contributed 50 percent. From February 1, to November 30, 1940, the nonsettled relief expended amounted to $619,587.18, of which the State also contributed 50 percent. During the month of April 1940, which was the peak case-load month, there was committed for nonsettled relief the sum of $79,351.45.

In addition to the above amounts for direct relief, Wayne County expended $732,712.48 for supplementation to A. D. C. cases for the fiscal year December 1, 1939, to November 30, 1940.

Relief expenditures excluding administrative costs for period Dec. 1, 1940, to Aug. 30, 1941 [1]

	Appropriations	Encumbrances outstanding	Expenditures to date	Available balance
Expenditures chargeable against appropriations:				
Net general relief cost of resident poor-out-county, 1940–41	$500,000.00	$412.42	[2] $312,200.09	$187,387.49
Relief of nonresident poor, entire county	425,000.00		[3] 199,668.85	225,331.15
A. D. C. supplementation, entire county	650,000.00		685,297.36	[4] 35,297.36
Transfers to general poor fund for care of nonresident poor	158,838.32			158,838.32
Total expenditures chargeable against appropriations	1,733,838.32	412.42	1,197,166.30	536,259.60

[1] The county fiscal year ends Nov. 30.

[2] This figure represents net expenditures chargeable against county appropriations but excludes disbursements chargeable against State reimbursements in the amount of $273,330.16.

[3] This figure represents net expenditures chargeable against county appropriations but excludes disbursements chargeable against State reimbursements in the amount of $157,248.65.

[4] Indicates debit balance.

DEPARTMENT OF SOCIAL WELFARE, ALL DISTRICTS

For purposes of comparison, this report has incorporate data of a similar nature for the department of social welfare as a whole, and for the nonsettlement division as a district. It was felt that the changes and fluctuations in the nonresident case load could be analyzed more correctly by such a presentation. Most of the information is self-explanatory and to facilitate comparison and analysis, graphs have been prepared.

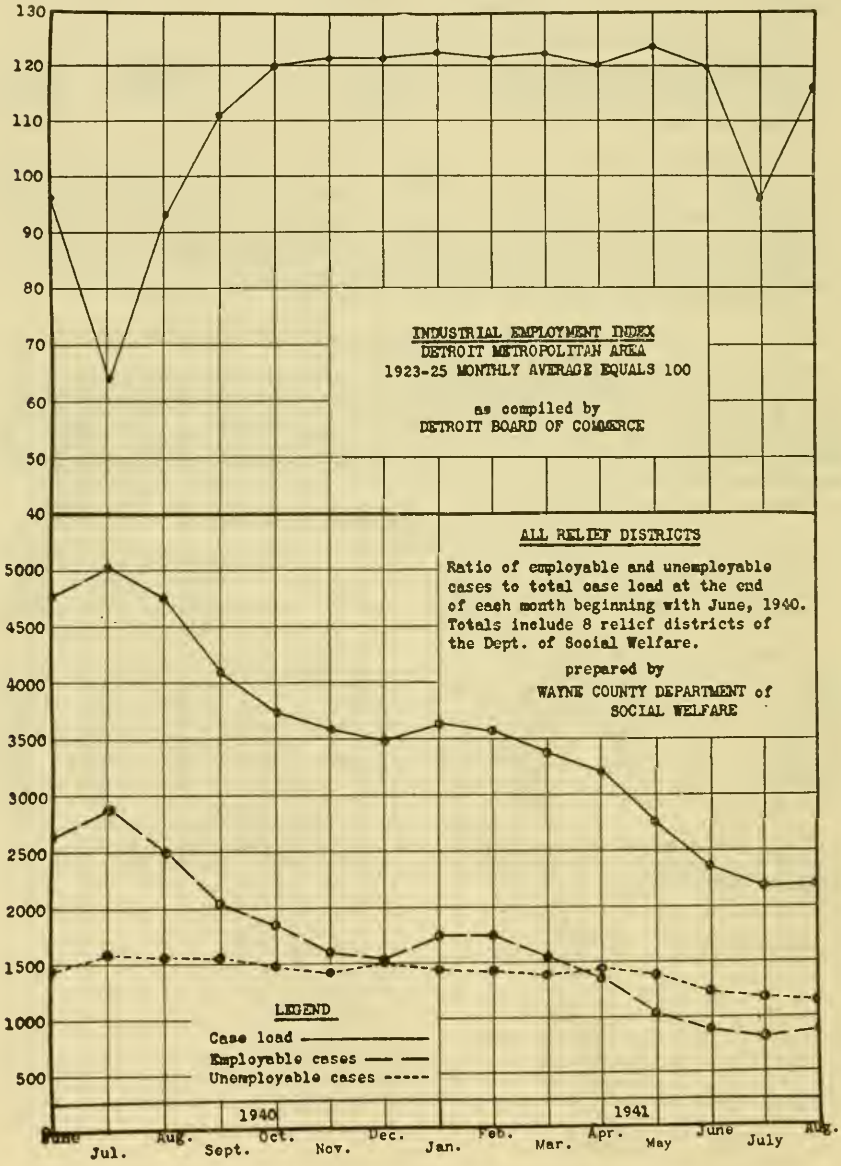
Department of social welfare—all districts

Date	Employable cases	Unemployable cases	Total case load [1]	Date	Employable cases	Unemployable cases	Total case load [1]
1940				1941			
May	2,771	1,443	5,055	January	1,715	1,422	3,627
June	2,639	1,568	4,760	February	1,721	1,413	3,561
July	2,860	1,554	5,013	March	1,540	1,378	3,366
August	2,492	1,545	4,755	April	1,353	1,432	3,207
September	2,007	1,460	4,095	May	1,030	1,369	2,749
October	1,829	1,404	3,735	June	882	1,239	2,357
November	1,572	1,415	3,586	July	819	1,172	2,179
December	1,507	1,496	3,485	August	877	1,148	2,210

[1] It will be noted that the total of employables and unemployables does not equal the total case load. The difference is accounted for by cases receiving supplementary relief to Work Projects Administration and private employment.

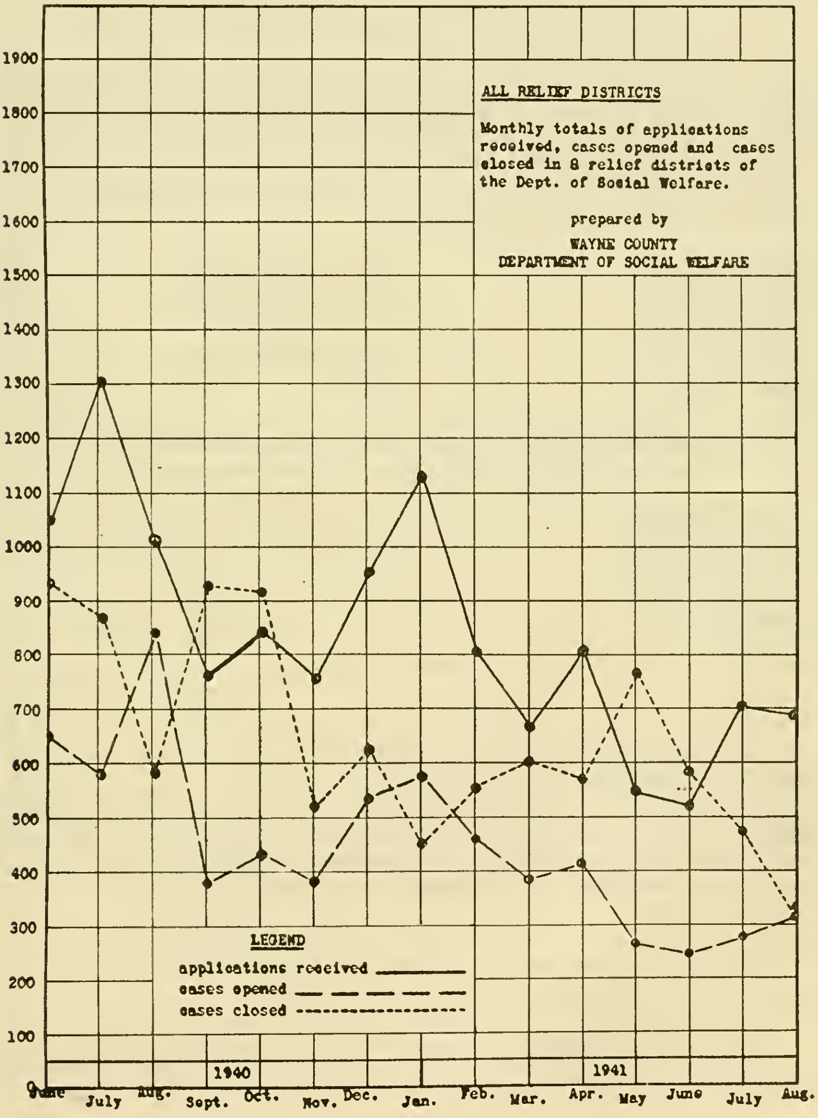
Industrial employment index, Detroit metropolitan area, 1923–25 monthly average equals 100, as prepared by Detroit Board of Commerce

Month	1940	1941	Month	1940	1941
January	104.9	123.0	July	64.1	96.0
February	109.9	122.1	August	93.4	116.0
March	110.3	122.5	September	111.6	----------
April	108.8	120.3	October	120.2	----------
May	102.6	123.8	November	122.0	----------
June	96.0	119.6	December	121.9	----------



Department of social welfare, all districts

Date	Cases opened	Cases closed	Applications received	Date	Cases opened	Cases closed	Applications received
1940				1941			
May	687	990	998	January	585	450	1, 128
June	649	933	1, 047	February	458	554	805
July	589	868	1, 303	March	384	599	666
August	840	581	1, 011	April	412	570	807
September	391	928	759	May	264	764	547
October	429	917	841	June	246	583	521
November	379	519	754	July	285	473	702
December	533	627	952	August	332	315	687



Employables between ages of 21–45, inclusive, September 1941

	Employable and in labor market			Cases receiving relief supplementary to Work Projects Administration			Employable but not in labor market		
	Number of cases	Number of persons		Number of cases	Other employables, excluding Work Projects Administration employees		Number of cases	Number of persons	
		Male	Female		Male	Female		Male	Female
White	104	68	43	23	3	7	172	7	169
Colored	97	53	48	16	1	----------	74	1	73

DEPARTMENT OF SOCIAL WELFARE, NONSETTLEMENT DIVISION

The data for the Nonsettlement Division follow the plan used in the preceding part. Additional information includes an analysis of the applications received during July and August. Comparison of the applications-received data with previous months was rendered impossible by changes instituted in compilation of the data. For the same reason, critical analysis of the under care cases was rendered difficult.

A survey of 1,085 under care cases taken as of May 9, 1941, revealed the following information with respect to settlement:

	Cases
Without settlement	345
Verified in-State	324
Pending out-State	202
Pending in-State	72
Pending in Detroit	103
Undetermined	6
Verified out-State	26
Detroit—verified	7

To weigh the significance of this information, a 10-percent sampling was taken of the under care case load for May 1940. The results were as follows:

	Cases
Without settlement	81
Verified in-State	20
Pending-out-State	6
Pending in-State	5
Pending in Detroit	19
Undetermined	15
Verified out-State	25
Verified in Detroit	15
Total	186
For month	1, 860

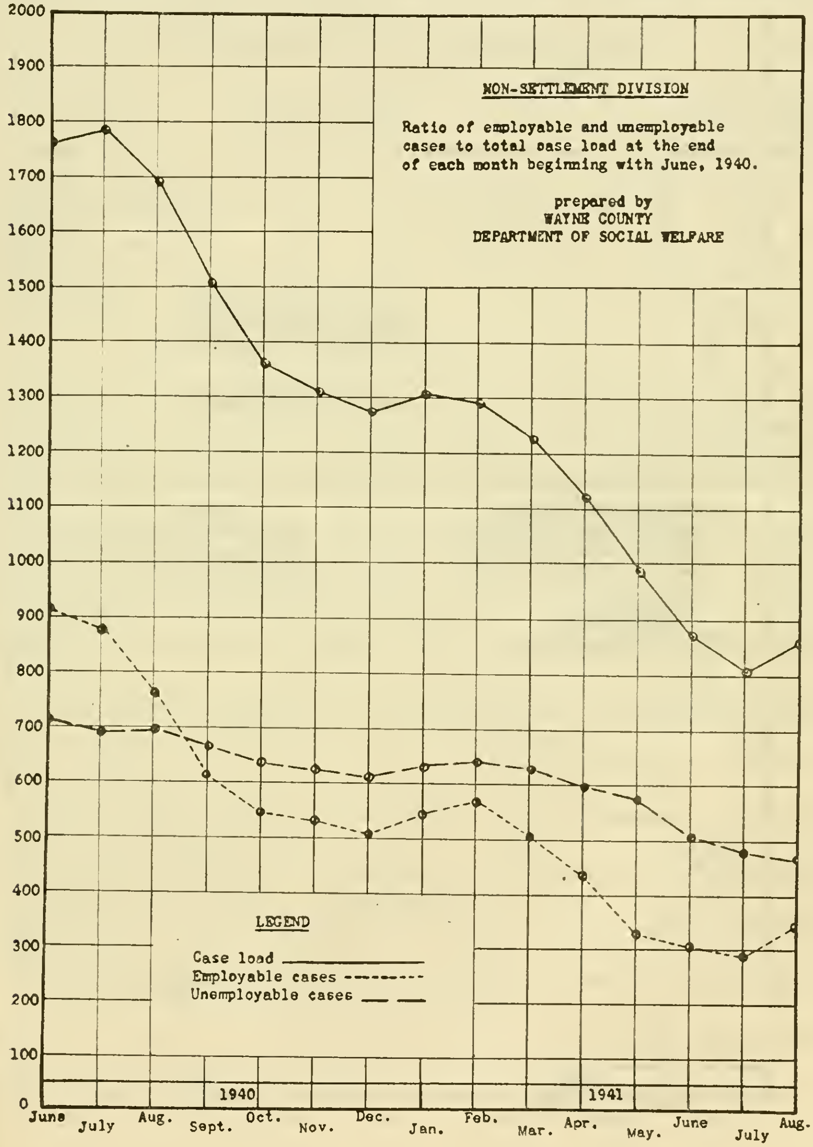
The high percentage of the without settlement cases, for the major part, is the result of two factors:

First, appropriations for direct aid to transients made under the Federal Emergency Relief Administration Act; and, second, assignment of nonsettled persons to the Work Projects Administration. In each instance, the person lost their last settlement because of an absence exceeding 1 year, and failed to acquire a new settlement since they were recipients of public aid.

Department of social welfare—nonsettlement division

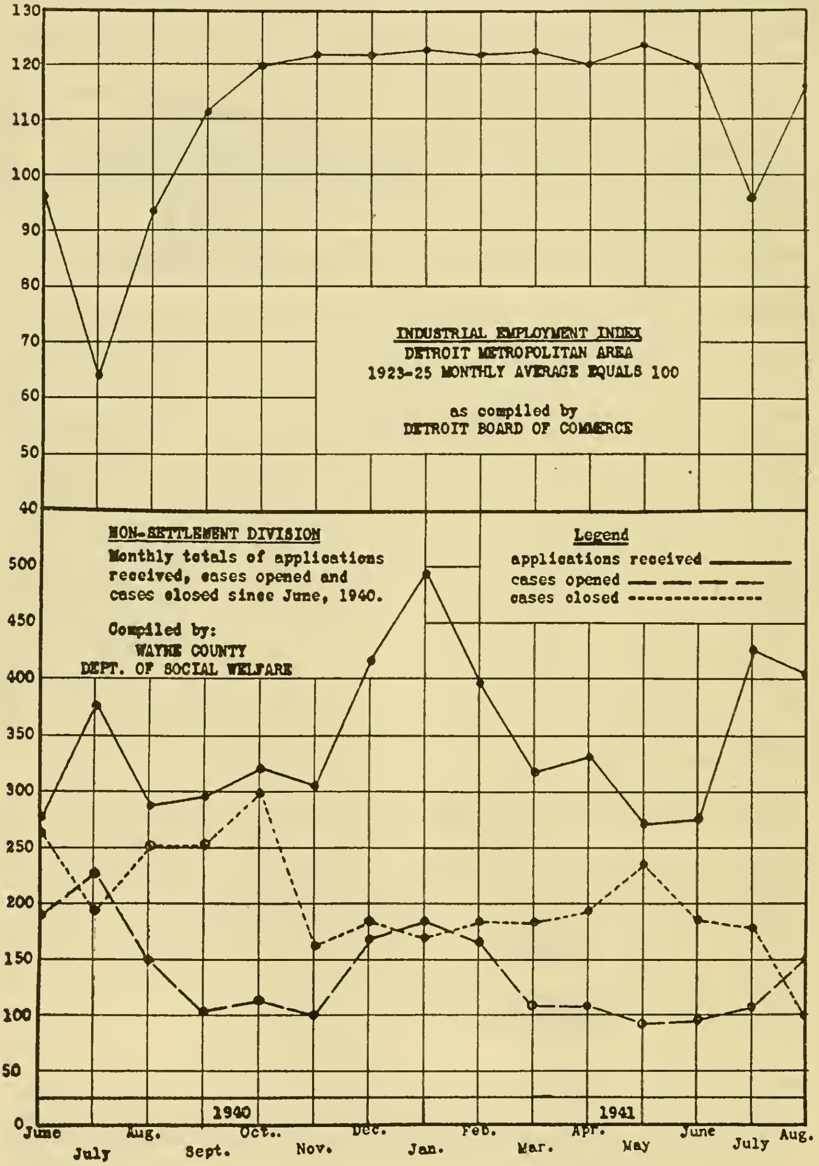
Date	Employable cases	Unemployable cases	Total case load [1]
1940			
May	1,060	585	1,857
June	914	712	1,761
July	874	689	1,786
August	759	694	1,691
September	612	663	1,507
October	546	636	1,361
November	529	623	1,309
December	505	611	1,273
1941			
January	542	630	1,308
February	567	638	1,291
March	502	626	1,224
April	434	594	1,119
May	327	572	988
June	303	504	871
July	287	479	808
August	345	466	858

[1] It will be noted that the total of employables and unemployables does not equal the total case load The difference is accounted for by cases receiving supplementary relief to Work Projects Administration and private employment.



Department of social welfare—nonsettlement division

Date	Applications received	Cases opened	Cases closed	Total case load	Date	Applications received	Cases opened	Cases closed	Total case load
1940					1941				
May	355	258	292	1,857	January	494	183	167	1,308
June	277	190	264	1,761	February	396	164	184	1,291
July	377	227	194	1,786	March	317	108	183	1,224
August	287	149	251	1,691	April	331	107	193	1,119
September	296	103	252	1,507	May	271	92	235	988
October	321	113	298	1,361	June	276	95	185	871
November	305	99	161	1,309	July	425	106	177	808
December	416	167	183	1,273	August	406	151	106	858



Nonsettlement division employables between ages of 21–45, inclusive, September 1941

	Employable and in labor market			Cases receiving relief supplementary to Work Projects Administration			Employable but not in labor market		
	Number of cases	Number of persons		Number of cases	Other employables excluding Work Projects Administration employees		Number of cases	Number of persons	
		Male	Female		Male	Female		Male	Female
White	16	5	11	8	0	0	45	1	44
Colored	40	18	22	13	0	0	30	1	29

Nonsettlement division—applications received

Classification	Number of cases, July 1941	Number of cases, August 1941	Classification	Number of cases, July 1941	Number of cases, August 1941
Loss of Work Projects Administration employment	97	74	Medical-dental	1	4
Desertion	52	46	Other reasons:		
Loss of private employment	32	23	Single men	27	25
Illness	42	29	Single women	22	61
Transient	118	108	Total	415	396
Insufficient income	24	26			

TRANSPORTATION

When nonsettled persons apply for relief at the Nonsettlement Division, it is the policy of the Department of Social Welfare to explore the possibilities of transportation. In line with this policy, transportation is made available to such clients when arrangements for their return have been made with the State of their settlement, assuming always that the return of the client is a good social plan.

The adoption of this policy is necessary in view of the prevailing State regulations governing loss of legal settlement. Many States have followed a policy that a person loses his legal settlement if he has been absent from that State for more than 1 year, and the greater portion of the nonsettled case load consists of persons without settlement. Unless some policy of returning clients to their place of legal settlement is followed, the cumulative effect of caring for nonsettled persons could prove financially disastrous to a relief program financed by local funds.

The following schedule, prepared by the agencies involved, reflects the increase in rail and bus transportation which has taken place as a result of the influx of defense workers into the Detroit metropolitan area.

Wabash Railroad:
  June 1941, 24.1 percent over June 1940.
  July 1941, 18.9 percent over July 1940.
Baltimore & Ohio Railroad:
  June 1941, 34 percent over June 1940.
  July 1941, 82 percent over July 1940.
Michigan Central Railroad:
  June 1941, 23 percent over June 1940.
  July 1941, 26 percent over July 1940.
Greyhound Bus Terminal of Detroit:
  July 1941, 37.30 percent over July 1940.
  August 1941, 43.37 percent over August 1940.

The following schedule lists the number of cases which the Wayne County Department of Social Welfare transported to the various States. This report makes no reference to the number of individuals involved:

	1940	1941		1940	1941
Alabama	17	11	Nebraska	------	1
Arkansas	9	16	New York	9	2
California	5	1	North Carolina	1	8
Colorado	1	3	Ohio	26	41
Connecticut	------	1	Oklahoma	1	1
Delaware	------	2	Pennsylvania	10	33
Florida	9	12	Rhode Island	1	------
Georgia	15	10	Tennessee	21	33
Idaho	------	1	South Carolina	4	4
Illinois	7	15	South Dakota	------	1
Indiana	2	8	Texas	8	5
Iowa	1	3	Virginia	4	16
Kansas	------	1	Washington	1	2
Kentucky	14	16	West Virginia	5	11
Louisiana	1	7	Wisconsin	------	2
Maine	------	1	Wyoming	------	1
Maryland	------	1	New Jersey	4	4
Missouri	12	16	District of Columbia	1	------
Minnesota	2	2	New Mexico	------	2
Mississippi	13	15	Canada	------	1
Massachusetts	------	12			
Montana	1	1	Total	205	323

HOUSING

Since the inception of the defense program, the nonsettlement division has been experiencing a continuously increasing difficulty in housing families. This difficulty is the result of two factors: First, a general increase in rents, and, second, a deficiency in housing facilities for low-income groups. It may be pointed out that the housing shortage, though acute throughout the county, has been felt particularly in the nonsettlement division, due in large part to the concentration of its case load, 70 percent of which is colored, within the area bounded by Grand Boulevard where a large portion of the homes are unsuitable for tenancy.

The nonsettlement division maintains an emergency shelter where families can secure temporary emergency shelter. In many instances the families have had to remain in the shelter for a period of several weeks because of an inability to secure a suitable place to live. At the present time the nonsettlement division is housing three families in the shelter, each having five, six, and nine children. These families cannot locate a place to live at a price within relief requirements and as a result they have been living at the emergency shelter as long as 5 months. There are a number of other families who have been sheltered on an emergency basis for shorter lengths of time.

In general, cases under care at the nonsettlement division have had their rents increased approximately 10 percent. In a number of cases the individual increases have ranged from $4 to $7 for a small family unit and rents for larger quarters have increased in a like proportion. Room rent for single women averaged $2.75 per week 1 year ago, and at the present time this average has increased to approximately $3.50 and apparently will increase further.

More than 60 percent of the case load resides in quarters that are either uninhabitable or borderline. Several families make use of basement space that is both inadequate as well as undesirable.

We may add that the families are not acceptable as tenants on housing projects at this time since the Housing Commission has a long waiting list of low-income employed families and do not wish to take relief clients, particularly if they are nonsettled in Wayne County.

It probably is unnecessary to mention that there is a high degree of moral instability and delinquency among clients who live under conditions such as we have described above.

MEDICAL PROGRAM

The policies governing the administration of the medical program in Wayne County differ considerably from relief regulations.

In general, the entire hospital program is operated on a county-wide basis. This statement applies to financing as well as use of the facilities involved such as hospitals, institutions, etc.

The settlement and residence requirements vary for the various types of medical services, and on another page of this report we have outlined the policies followed.

With respect to other qualifications it should be made clear that the medical division extends hospitalization to persons other than those in relief categories. The distinction is recognized that a person may be indigent for purposes of hospital care, though he would not necessarily qualify for relief. Further, in the interests of public health, hospitalization of tubercular and contagion cases must be accomplished regardless of financial factors involved. In such instances, the financial investigation is made subsequent to the hospitalization and a determination made as to the client's ability to pay.

Distribution of hospitals in metropolitan Detroit according to type of service

Type of service	Number of hospital	Beds	Maternal
General	44	7,414	1,003
Mental	8	4,183	----------
Tuberculosis	16	2,228	----------
Contagion	----------	439	----------
Convalescent	23	370	----------
Total	91	14,637	1,003

SETTLEMENT AND RESIDENCE REQUIREMENTS GOVERNING ADMISSIONS OF PATIENTS INTO HOSPITALS

Tubercular.—Patients hospitalized regardless of residence. However, if patient has settlement[1] in Michigan, outside of Wayne County, county of settlement is billed. If patient has settlement in another State, arrangements for transportation are made, contingent upon approval of medical authorities. This involves consideration of the hospital and medical facilities in the community to which transportation is planned, and also the patient's physical ability to travel. Obviously no attempt is made to transport patients requiring further care to communities which lack adequate and proper facilities.

Contagion.—No resident requirements; hospitalized where found.

Afflicted adult.—Hospitalized on basis of residence.[2]

Psychopathic.—Hospitalized on basis of residence.[2]

Expenditures made by the medical division during the period Dec. 1, 1940, to Aug. 30, 1941[1]

	Appropriations	Encumbrances outstanding	Expenditures to date	Available balance
Care of insane, sick, and afflicted	$350,000.00	----------------	$202,959.27	$147,040.73
Care of tubercular persons	2,740,000.00	$161,334.30	1,620,597.57	958,068.13
Care of contagious-disease cases	250,000.00	12,877.40	167,355.15	69,767.45
Medical treatment of adults, unexpended balance Nov. 30, 1940	890,000.00 31,641.49	3,185.00	788,563.33	129,893.16
Total	4,261,641.49	177,396.70	2,779,475.32	1,304,769.47

[1] County fiscal year ends Nov. 30.

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[1] Settlement: 12 months, continuous residence in Wayne County without private or public assistance.

[2] Residence in Wayne County with intent to make it their home.

SUMMARY

For purposes of better understanding, it may be advisable to mention briefly the division of responsibility governing the care of needy persons in Wayne County.

The city of Detroit is responsible for the care of all settled needy persons residing within its geographical limits. The care of all needy residing in the balance of the county area, as well as care for nonsettled needy residing in Detroit, has been delegated to the department of social welfare. The above division does not include the social-security categories. In the first section of this report, we have discussed how the above jurisdictional division of responsibility may potentially affect the care extended to workers migrating into this area.

In the second section of this report, the "all districts" total included the following divisions: Dearborn City, Ecorse (River Rouge—Lincoln Park), Grosse Pointe, Hamtramck, Highland Park, nonsettlement, townships, and Wyandotte.

Comparison of the data for the entire department with the statistics of the nonsettlement division, will reveal that the department has felt some effects resulting from the influx of defense workers but not to any great extent. As evidence of the defense migration, it may be noted that the "applications received" totals in the nonsettlement have not decreased proportionately with other relief districts. This ratio will be further accentuated when it is remembered that the "all districts" total includes the nonsettlement division.

From the enclosed data it may be concluded that the case load of the nonsettlement division has followed the same general patterns of activity reflected in the relief load of the entire department. It should be noted, however, that the ratio of unemployables to the total case load is higher in the nonsettlement division than for all relief districts. In this respect, it may be mentioned that a considerable portion of the relief applicants indicate that excellent and liberal medical care rendered in Wayne County is a reason for migrating into this area. The number of unemployables would be further increased if the classification included persons who are physically able but not in the labor market. Included in this category are women with minor children, etc. In addition, a considerable portion of our physically employable cases are not acceptable to private employment because of age limitations.

EXHIBIT 26.—EFFECT OF DEFENSE MIGRATION ON COMMUNITY FACILITIES OF MACOMB COUNTY, MICH.

REPORT BY CHARLES N. MCNAUGHTON, CHAIRMAN; LEO R. JEAN, VICE CHAIRMAN; AND ISAAC A. HARTUNG, SECRETARY, MACOMB COUNTY BOARD OF SOCIAL WELFARE, MOUNT CLEMENS, MICH.

In preparing this memorandum on the effect of the movement of people on community facilities under the national defense effort, the agency is submitting two earlier reports in addition to the facts infra. The two reports are An Analysis of Public Aid in Macomb County, First Report, published by the Macomb County Emergency Welfare Relief Commission in July of 1936 and An Analysis of Public Aid in Macomb County, Second Report, published by the Macomb County Emergency Welfare Relief Commission on September 1, 1939.[1] These two reports give a cross-section of Macomb County's population and should help to supplement the data the agency hereby offers.

In considering the problem of migration into Macomb County, the following factors have been considered: Increase in school attendance, population figures by political subdivisions, increase in plant capacity in Macomb County, data on employment and welfare statistics.

Table A shows the trend of population figures by political units.

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[1] Both reports are held in committee files.

TABLE A.—*Population of Macomb County by political units showing status and percentage change over 1930*

Unit	Status		1940	1930	Difference (more)	Percent change over 1930 (increase)
	Urban	Rural				
Armada Township	865	1. 064	1, 929	1, 929		
Bruce Township	1, 412	785	2, 197	2, 146	51	2. 4
Centerline	3, 198		3, 198	[1] 2, 604	594	22. 8
Chesterfield Township		2, 004	2, 004	1, 204	800	66. 4
Clinton Township	259	5, 942	6, 201	4, 347	1, 854	42. 7
East Detroit	8, 584		8, 584	5, 955	2, 629	44. 1
Erin Township	10. 992		10, 992	8, 197	2, 795	34. 1
Harrison Township		4. 531	4, 531	2, 260	2, 271	100. 5
Lake Township	10, 429		10, 429	6, 779	3, 650	53. 8
Lenox Township	1, 645	1, 710	3, 355	2, 953	402	13. 6
Macomb Township		1, 935	1, 935	1, 676	259	15. 5
Mount Clemens	14, 389		14, 389	13, 497	892	6. 6
New Baltimore	1, 379		1, 379	1, 148	231	20. 1
Ray Township		1, 439	1, 439	1, 370	69	5. 0
Richmond Township	1, 357	1, 155	2, 512	2, 302	210	9. 1
Shelby Township		2, 946	2, 946	2, 184	762	34. 9
Sterling Township		3, 648	3, 648	2, 462	1. 186	48. 2
Utica	1. 022		1, 022		[2] 1, 022	
Warrent Township	22. 126		22, 126	11, 665	10, 461	89. 7
Washington Township	1, 215	1, 607	2, 822	2, 468	354	14. 3
County	78, 872	28, 766	107, 638	77, 146	30, 492	39. 5

[1] Centerline was incorporated as a city and made independent of Warren Township in 1935.
[2] Utica was incorporated as a city and made independent of Shelby and Sterling Townships in 1937.

The trend toward urban growth has been in the southern part of the county, which is adjacent to the city of Detroit.

In 1930 an analysis of the population showed 14,895 persons living in rural areas and 62,251 persons living in urban areas. (See table 54, p. 75, An Analysis of Public Aid in Macomb County, First Report.) Comparing these figures with 1940 figures, the following averages are seen:

	1930 census	1940 census	Difference	Percent increase
Urban areas	62, 251	78, 872	16, 621	26. 7
Rural areas	14, 895	28, 766	13, 871	93. 1

The number of people settling in the rural areas does not indicate that these people are relying on agriculture for a livelihood. In fact, farm acreage is decreasing although population is increasing considerably more than average. In 1930, there were 210,915 acres in farm land; in 1935, there were 235,352 acres in farm land; and in 1940, there were 233,722 acres in farm land (see Sixteenth Census of the United States Agriculture Bulletin, first series). Also the Agricultural Bulletin (first series) of the Sixteenth Census of the United States (1940) indicates the number of farms as 3,969. Presuming that every farm is occupied and using the average case size of 4.1 persons per family, the actual rural farm population is 16,273 persons. This would be a maximum figure. The second series of the Agricultural Bulletin (Sixteenth Census of the United States, 1940) discloses that 1,299 farm operators work off the farm for pay or income. This would indicate that approximately one-third of the rural farm population supplement a farm income with other earnings, which no doubt are industrial earnings. Such facts indicate a decided trend toward urbanity and a greater dependency upon industry for a livelihood.

There are other factors to support an unusual rise of population in Macomb County. In tracing school attendance since 1935, there appears to be approximately a 28 percent increase for the school year of 1940–41 over the school year of 1934–35. The registrations by years are as follows:

School year of—	Registrations
1934–35	27, 202
1935–36	27, 672
1936–37	28, 893
1937–38	30, 818
1938–39	31, 691
1939–40	32, 940
1940–41	34, 525

The school-registration figures do show a sharp rise during the school years of 1937–38 and 1940–41 over the respective preceding school years. It also shows a steady rise in Macomb County's population since the Sixteenth Census of the United States was taken. On the basis of 32,940 registrations during the school year 1939–40, when the population was ascertained as 107,638 persons, a school registration of 34,525 for the school year of 1940–41 would indicate an increase of population to 114,549 persons at the present time. This is a tremendous growth in 1 year. The causes of this growth can be explained when recent industrial development in Macomb County is discussed.

In studying industrial development in Macomb County, the Sixteenth Census of the United States Bulletin of Manufactures, 1939, shows 62 industries located within the county. This figure may be slightly higher when it is extended to June 1, 1940. Since June 1, 1940, 35 new plants are listed in Macomb County, in the following areas: East Detroit 4, Mount Clemens 6, Warren Township 23, Erin Township 1, and New Baltimore 1. See table D appended to this report for detail.

Thirty-five additional industrial establishments do not exhaust the growing industrial development or report the ceiling in industrial growth. In fact, the figure represents the minimum.

Your attention is called to the fact that the majority of these plants is located in one area, and that is Warren Township. In view of this fact, the larger industrial plants in Warren Township have been given greater consideration in discussing the problem of migration.

Taking the plants in Warren Township that do have available figures, 15 plants show a possible employment figure of 32,853 employees. (See table B.) Out of this number approximately 23,272 employees are employed on national-defense work. (See table B.)

TABLE B.—*Fifteen selected industries in Warren Township showing type of industry and employment*

Name	Location	Number employed	Number doing national-defense work
U. S. Army Tank Arsenal	11½ Mile Road and Van Dyke	18,000	All.
U. S. Naval Ordnance Plant	9 Mile and Mound Roads	8,000	Do.
Chrysler Corporation-Dodge Truck	21500 Mound Road	3,824	1,682.
Rotary Electric Steel	21400 Mound Road	700	All.
Carboloy Co	11177 East Eight Mile	700	75 percent.
Superior Tool & Die	21535 Hoover Road	300	All.
Divco Twin Truck	22000 Hoover Road	321	Do.
Bundy Tubing Co	9 Mile Road and Grand Trunk R. R	600 to 1,000	Do.
No-Sag Spring Co	Hoover Road	34	Some.
Index Tool Co	8 Mile Road near Sherwood	30	75 percent.
Presto-Lite Co	21725 Groesbeck Highway	30	Do.
Parsons-Merritt Co	8129 East 9 Mile Road	23	All.
Advance Building Material	Groesbeck Highway	12	Do.
Horn Aluminum Refinery	9½ Mile Road	5	Do.
Square Tool & Die	Hoover Road	74	80 percent.

In discussing this mushroom industrial growth, these things should be considered: Firstly approximately 75 percent of the industrial development is due to the national defense effort; secondly, when production ceases for national defense, Macomb County will either be faced with an exodus or an appalling unemployment problem which in either case will be serious. If there is an exodus, Macomb County will be faced with a large out-county population which may in all probability have a legal settlement in Macomb County until one is gained elsewhere in Michigan or legal settlement is lost by being out of the State of Michigan for 1 year. Therefore if these men who are employed on national defense move away after establishing a legal settlement in Macomb County and cannot find employment elsewhere, Macomb County will be liable for any aid given, if given in any other county in Michigan, under the present poor laws in Michigan. If these men move out of the State of Michigan and do not remain away for a period of 1 year without assistance, they will be subject to return, thus becoming a burden on the county on their forced return. If the men remain in Macomb County and cannot be adjusted in peacetime employment, a serious problem of public aid arises. Macomb County's thought in regard to this potential problem which lies within its jurisdiction has been touched upon in chapter 5, page 73, Welfare Trends and the Need for Social Planning, taken from An Analysis of Public Aid in Macomb County, Second Report.

In studying the cyclonic industrial growth in Macomb County since June 1, 1940, Macomb County did not have sufficient time to go into the many diverse problems arising from such growth. To illustrate, Macomb County did not have the time to study the places of origin, average age, etc., of these employees in industrial plants in Macomb County. However, Macomb County has given some thought to population problems in connection with relief statistics.

Macomb County is also interested in plans industrial management has for plant use when defense work ceases. Due to the shortage of time, no consideration could be given to this problem.

The Fifteenth Census of the United States reported 54 home industries with 1,404 gainful workers employed therein. The 1930 census also reported 26,275 gainful workers living in Macomb County. On these facts Macomb County in its first report, An Analysis of Public Aid in Macomb County, page 51, indicated that approximately 94 percent of all gainful workers worked outside Macomb County. This is rather high as no weight was given to employment in the wholesale trades, in service establishments, in retail trades, and on farms in Macomb County. When such weight is given the percentage of gainful workers working outside of Macomb County would be greater in 1930; however, there is still a decided percentage of decrease of gainful workers living in Macomb County and being employed outside of Macomb County in 1940. The Sixteenth Census of the United States (1940) shows the following figures:

Population of Macomb County		107, 638
Number of gainful workers		[1] 36, 600
Number of home industries (1939)		62
Number of gainful workers employed by home industries:		
In wholesale trades	315	
In service establishments	231	
In retail trades	2, 396	
In manufactures (nondefense)	4, 512	
On farms	3, 969	
		11, 423
Number of rural farm population (see table A)		28, 766
Number of urban population (see table A)		78, 872
Number of acres in Macomb County (land area)		307, 840
Number of acres in farm production		233, 722

[1] 1940 census of figures are not available showing the number of gainful workers in Macomb County. The figure 36,600 was therefore estimated.

Facts would indicate that approximately 60 percent of the gainful workers living in Macomb County work outside of Macomb County. In using 60 percent Macomb County realizes the situation has somewhat changed, but it is believed the figure is still representative in view of the fact a housing shortage in Macomb County necessitates many of these men to live outside of Macomb County. This situation is being corrected, as a $1,800,000 Federal housing project has been approved for the building of homes for national-defense workers. In addition to this project there is considerable nongovernmental activity in home building, both in rural and urban areas. If the present growth continues with the same tempo for the next decade, Macomb County will more than double its 1940 census population.

This evidence of future growth is admirable and Macomb County takes pride in it. However, when the pendulum begins to swing back and industrial conditions become inert, it is realized a serious welfare problem can be created. It is with this thought that annual welfare figures for Macomb County are submitted on table C to indicate the steady rise in need of public assistance and the cost of such public aid.

TABLE C.—*Annual welfare statistics in Macomb County from Oct. 1, 1929, to Sept. 1, 1941*

Year	Applications received	Cases aided	Total commitments [1]	Costs		
				Federal	State	Local
1930	(2)	[3] 1,988	[3] $240,552.14			$240,552.14
1931	(2)	[3] 3,144	[3] 436,998.52			436,998.52
1932	(2)	[3] 2,732	[3] 185,422.94			185,422.94
1933	(2) (4)	[3] 3,816	[5] 218,922.57	$95,995.45	$35,648.61	87,278.51
1934	[6] 3,509	[3] 4,765	592,982.54	[7] 365,239.59	146,929.82	80,813.13
1935	3,733	[3] 5,524	648,988.83	[7] 450,100.50	128,600.00	70,288.33
1936	1,753	1,342	179,218.97	3,043.98	137,229.85	38,945.14
1937	2,596		214,738.94	19,332.06	169,293.17	26,113.71
1938	9,065	6,144	624,077.11	24,647.44	569,329.67	30,100.00
1939	4,360	3,118	344,595.82		302,700.09	41,895.73
1940	2,046	1,768	121,959.72		60,979.86	60,979.86
1941 [8]	1,117		40,872.80		20,436.40	20,436.40

[1] Commitments do not include indirect relief charges, such as administration, maintenance of a sewing project, maintenance of a surplus commodity project, etc. Commitments only include necessities given to applicants for public aid.

[2] Applications received in January 1934 are missing.

[3] See table 29, p. 45, of An Analysis of Public Aid in Macomb County, first report.

[4] There is some data since Oct. 1, 1933, reported in An Analysis of Public Aid in Macomb County, first report.

[5] See table BB and table 29 of An Analysis of Public Aid in Macomb County, first report.

[6] Relief costs does not include administration or other indirect relief costs.

[6] Applications received in January of 1934 are missing.

[7] The indirect costs of administering public aid were deducted from the Federal contribution. In 1934 Macomb County received $516,954.44 as Federal aid, in 1935, $561,240.79.

[8] To Sept. 1, 1941, only.

The figures in table C represent direct relief costs only. It does not include assistance given through the Work Projects Administration (W. P. A.), Old Age Assistance (O. A. A.), Aid to Dependent Children (A. D. C.) and Aged Blind (A. B.), hospitalization, township supervisors, and other smaller relief units.

In commenting on the figures presented in table C, three facts are of some consequence: Firstly, the Federal Government withdrew grants in aid when the W. P. A. program began operation in the fall of 1935. W. P. A. moneys since that time were derived from the Federal social-security programs: A. D. C. and A. B. This terminated when such programs were transferred to the bureau of social aid on December 1, 1939, in accordance with Act 280, Public Acts of Michigan, 1939.

Secondly, the peak year in welfare needs occurred in 1938 when 6,144 families were given direct relief assistance at the cost of $624,077.11. This figure does not represent public help given by other agencies such as W. P. A., O. A. A., etc. When such agencies are considered it can be estimated that more than 10,000 families in Macomb County were assisted throgh grants from public sources—such as Federal, State, county, city, and township sources. As reliable figures from all sources are not available, no true statement can be made at this time. It is the opinion of the statistician that in 1938, when industry was practically at a standstill, more than 50 percent of the county's population was in need of public assistance. What will happen in Macomb County when peace comes and national-defense production is not needed any more, is left with you. It is surmised that relief needs will rise even higher.

Thirdly, your attention is called to the costs of public aid. The peak year was 1935 when $648,988.83 was expended from Federal, State, and local sources. The cost in 1935 was before the advent of W. P. A.; therefore, the year of 1938 can convey to some extent the great need for public aid when the industrial machinery slackened up. In that year $624,077.11 was expended for direct relief and approximately $1,200,000 was expended by W. P. A. There are no figures accessible to indicate the moneys spent for O. A. A. and other smaller agencies in Macomb County. The fact remains, however, that when unemployment of any consequence exists today, Macomb County's needs for the unemployed runs into the millions.

As can also be noticed in table C, direct relief since 1939 was, and now is, financed from State and local funds only. This is due to Act 280, Public Acts of Michigan, 1939, which went into effect December 1, 1939. By this law, the State of Michigan matches dollar for dollar. That is why the relief costs for the year of 1940 and the 8 months of 1941 are equally divided between State and local sources. It should be remembered, however, that Macomb County is faced by the 15 mill tax limitation. Therefore, in any year of excessive unemployment, as occurred in 1938, Macomb County would be unable to assume the financial burden.

In closing it can be said that Macomb County has studied the problem. It knows the causes and the effects that can be produced. It has given some thought to the situation, which is growing due to the relief consciousness of the public, and which has been expressed in the two reports enclosed with this memorandum. In tackling the problem, Macomb County can refer you to chapter 5, page 73 of An Analysis of Public Aid in Macomb County, second report, wherein welfare trends and the need for social planning is discussed.

MACOMB COUNTY DEPARTMENT OF SOCIAL WELFARE, GENERAL RELIEF,
ISAAC A. HARTUNG, *Director.*

Report prepared by Frank J. Starkey, statistician.

TABLE D.—*Industrial plants established in Macomb County since June 1, 1940, showing type of industry, location, and date of operation*

Industry	Township	Type	Date
Phillips-McCreedy Co	Mount Clemens.	Machine shop	Oct. 31, 1940
Bacon Manufacturing Co	do	Garden tool manufacturing	Apr. 24, 1941
Albert Albrecht	do	Construction	June 11, 1941
W. E. Gilpin	do	Machine shop	May 22, 1941
Rodney Sabo	do	Work shop	May 13, 1941
Thomas E. Currie	do	Construction	July 12, 1941
U. S. Chemical & Lacquer Corporation	East Detroit	Paint mixing	Apr. 29, 1941
Michigan Flame Hardening Co	do	Welding	June 15, 1940
Keystone Metal Molding Co	do	Metal molding	Apr. 25, 1941
J. N. Kimball	do	Marine engine control equipment	Apr. 1, 1941
Branch DeHoover	Erin	Shed (construction tool)	Nov. 14, 1940
Cement Boatworks	New Baltimore.	Boat builder	June 28, 1940
Accessory Die & Tool Co	Warren	Manufacturing tool and die	Jan. 31, 1941
Index Die & Engineering Co	do	Manufacturing	Mar. 20, 1941
Leo Burke	do	Manufacturing building supplies	July 26, 1940
Bryant & Detwiler Co	do	Construction (naval ordnance)	May 16, 1941
Turner Engineering Co	do	Temporary construction	July 15, 1941
Hudson Motor Car Co	do	Construction	Do.
Hatzel & Buehler	do	do	June 2, 1941
Drake Avery Co	do	Temporary	May 7, 1941
Norbert DeGrandchamp	do	Cement block factory	Sept. 11, 1940
Michigan Limestone & Chemical	do	Limestone and chemical	Apr. 15, 1941
Chrysler Corporation	do	Tank arsenal	Apr. 4, 1941
Soss Manufacturing Co	do	Door hinges	Sept. 23, 1940
Superior Tool & Die Co	do	Tool manufacturing	Mar. 10, 1941
Dalzen Tool & Die Co	do	do	May 27, 1941
Bishop & Son	do	Machine shop	Apr. 1, 1941
Mermaid Boat Works	do	Light manufacturing	July 24, 1941
Wayne Die & Engineering Co	do	Die manufacturing	Jan. 30, 1941
Square Tool & Die Manufacturing	do	Tool and die manufacturing	Feb. 28, 1941
No-Sag Spring Co	do	Manufacturing	Dec. 23, 1940
Colonial Broach Co	do	Manufacturing tool and machines	Dec. 31, 1940
L. & L. Manufacturing Co	do	Manufacturing machine parts	May 2, 1941
Hoves Screwlock Co	do	Tool and die	Dec. 23, 1940
Detroit Curled Hair Co	do	Manufacturing	June 14, 1941

NOTE.—Data obtained from the Detroit Edison Co.

EXHIBIT 27.—UNSANITARY CONDITIONS CAUSED BY MIGRATION OF WORKERS INTO ROYAL OAK TOWNSHIP, MICH.

BY GEORGE H. BRIGGS, CHAIRMAN, AND E. G. PHIPPS, SECRETARY, JOHN R COUNCIL IMPROVEMENT ASSOCIATIONS COMMITTEE, ROYAL OAK TOWNSHIP, MICH.

The area to be discussed is the southern part of Royal Oak Township in southeastern Oakland County, Mich., bounded on the south by Eight Mile Road; Dequindre on the east; Ferndale, Pleasant Ridge, Hazel Park line, and Campbell Road on west and the Twelve Mile Road on the north.

Subdivision of this area began as early as 1912 and a steady growth of small homes took place. The quality of the homes has steadily improved among the earlier residents, and the number has gradually increased, and for the most part without any sanitary sewers being installed by the subdividers.

This area is in a low basin and has no outlet for even storm water. The soil consists of 2 or 3 feet of sand on top of a tight blue-clay subsoil which is impervious to moisture and simply holds all pollution instead of carrying it away and purifying it. Garbage and tin cans have continuously been buried to further pollute the soil. This, together with outdoor privies, continues to increase the insanitary and unhealthful conditions.

As the number of homes increased in this district it was necessary to provide additional schools. This was done, and for the most part by bond issues at a time when interest rates and building costs were at the highest of all times, i. e., during the years of 1924–29.

Then came the business depression followed by the Michigan law setting a 15-mill tax limit for all bond issues. This limit was soon reached or already had been and has prevented the installation of sewers.

OPEN DITCH FOR SEWAGE

There now is an open ditch alongside the Eleven Mile Road, through the center of this area, which is about 5 feet deep and has practically no outlet and is the receptacle for the overflow of septic tanks which are not adequate to care for the raw sewage of the saloons, etc., causing a continued stench for blocks along this two-lane public-utility highway. The ditch is also a dumping place for dead dogs, cats, and other animals, and at all times a green scum covers the flow of this ditch.

This highway is traveled to more than its capacity and the ditch makes it very hazardous for automobile travel as almost any day an automobile may be seen lying in the ditch.

During school days this ditch is followed by primary school children on their way to school and naturally play along the banks even though it does carry all the possibilities of serious disease.

To add to this condition a migration of workers is coming into this area in large numbers and every conceivable shelter is being used to house defense workers and their families. These people who are settling this area are all law-abiding American citizens but have been unfortunate financially and have taken up cheap real estate (because of the State scavenger sales) and built to have a place of shelter. In some cases chicken coops are occupied by parents and their children. Shacks built out of old lumber, tents that have seen better days, garages, even a real-estate office with two or three children of the family living in the small sales room.

Some small, hastily thrown together four-room houses, without partitions with only subfloors, and some without any floors, are the stopping place of the parents with as many as six children, necessitating some of the children sleeping in the old jalopie and then having to get up early so the dad can use the car to go to work.

This area is becoming one of the fastest growing centers of population in the United States, and being inadequately supplied with water and more especially sewers, this area is almost a certain spot for an epidemic of typhoid fever as the spring thaws and rains cause flooding of this thin topsoil unless immediate relief is provided. Every spring and fall rains flood the lowlands and many of the residents have to use boots to get into and out of their homes. This condition remains for weeks at a time or until the water has time to seep away into the natural drains and evaporate.

Coming out of the depression years the problem of Royal Oak township in Oakland County is no simple one. There is no money to provide sufficient sewage facilities for this neglected area and under State law it could not be supplied where the drainage taxes have not been paid.

With Royal Oak township and Oakland County in no position to take care of the needs of this expanding population, together with small-time political strife and squabbles, definite action must be taken by the State and Federal Government, and that quickly, to prevent a serious outbreak of disease in this territory.

FIGURE ON JOHN R COUNCIL SUBDIVISION

The following table of statistics covers the 10 subdivisions represented in the John R Council, i. e., the area north of Ten Mile Road, thus excluding Hazel Park. These figures speak for themselves:

Adults	1, 628
Children	1, 189
New homes	147
Men on defense work	215
Number of outhouses	499
Houses under construction	183
Owners	537
Children of school age	710
Lots	3, 113
Houses	691
Vacant lots	2, 422

Of the vacant lots 90 percent are sold to individuals, and at the present rate 60 percent of those will be built on by January 1, 1942, and the remaining will have homes started by that time.

Of this migration 25 percent is from the Detroit area while the remaining 75 percent is from outlying Michigan and southern neighboring States.

If sewers were available Federal Housing Administration loans could be obtained, thereby improving the quality of the homes.

STEADY INCREASE IN POPULATION EXPECTED

The Madison district schools opened September 8 with an increased enrollment of 175 pupils over the number of pupils that were registered when school closed last June. New pupils are entering each day and when registration is complete there probably will be over 200 pupils new to our district over and above the school load as of June 1941. At that time our schools were carrying a capacity load and taxing our school facilities to the utmost.

With this added group of approximately 200 children our schools will be in a serious overcrowded condition and will limit the educational opportunities of each individual child as there will be neither room enough nor equipment enough to handle this excess pupil load. This means that there will have to be half-day sessions in some classes, the cutting out of kindergarten altogether, or some other similar solution.

Our problem of overcrowdedness will increase each month as the school year progresses because there is no doubt that new families will be moving in practically day by day for the rest of the school year.

There are numerous shacks located close around the Madison High School in which people are living in most crowded conditions, some with only dirt floors.

A most unhealthful condition exists at the intersection of John R and Eleven Mile Roads. A beer garden, a pool hall, and a trailer camp with a capacity of 20 or more trailers, immediately beside the ditch along Eleven Mile Road.

The trailer camp is provided with inadequate septic-tank sewage facilities, from which the sewage finds its way into the Eleven Mile Ditch. Garbage, together with tin cans, also finds its way into this open ditch from these activities.

There are several children of school age as well as some not yet of school age living in this camp, which is adjacent to the back door of both the saloon and pool hall. This camp is a direct result of defense worker migration and has brought on a condition which is almost beyond our control.

All of this problem lies within easy access to the northeastern defense plants area, and only a few miles from the larger ones employing thousands of workers, and as production increases this will increase their numbers several times.

In the light of the above testimony we believe a master sewer plan should be set up by the Federal Government to care for 2,422 new homes which will carry approximately 9,500 more population in this area alone and that it should be a 100 percent Federal grant as it will be impossible for the district to finance the project otherwise.

EXHIBIT 28.—NEED OF DEFENSE HOUSING IN PONTIAC, MICH.

REPORT BY ROY REUTHER, INTERNATIONAL REPRESENTATIVE, UNITED AUTOMOBILE, AIRCRAFT AND AGRICULTURAL IMPLEMENT WORKERS, CONGRESS OF INDUSTRIAL ORGANIZATIONS, PONTIAC, MICH.

Pontiac has a normal population of around 68,000. The city is primarily a one-industry (auto) town, with approximately 33,000 industrial workers working within the city limits.

PONTIAC HAS 17,272 DWELLING UNITS

A. Condition of dwelling units.—1,689 need of major repairs, 6,405 need of minor repairs, 212 unfit for use, 36 percent of all dwelling units in the city were found substandard, while 75 percent of all Negro dwelling units was found substandard. Four thousand five hundred dwellings in Pontiac has less than 1 toilet and 1 bath per unit.

B. Rentals in Pontiac compared to 51 other cities.—Pontiac average $25 to $29.99; 51 other cities average $20 to $24.99; the above figures on rentals were compiled in 1939 in a Work Projects Administration survey. Since that time rent prices in Pontiac have increased from $5 to $10 per month during the past 2 months.

C. Rental vacancies in Pontiac less than one-half of 1 percent.—The above survey was made approximately 6 months ago. Since that time thousand of additional workers have been employed in the Pontiac industrial plants. Because of the high rentals and shortage of decent homes, Pontiac workers are constantly moving about seeking a better home at a price they can afford. The Work Projects Administration survey in 1939 showed 43.5 percent of tenants occupied dwellings 1 year or less, while 29 percent of the tenants occupied dwellings 6 months or less.

D. Thirty-five to forty percent of Pontiac workers live outside of city limits.—A recent survey of the workers in all Pontiac industrial plants showed more than 35 percent lived outside Pontiac city limits. This is due to three factors: (1) A housing shortage, (2) available houses are often substandard, and (3) rentals in the city are higher than most factory workers can afford.

Status of employment in larger Pontiac plants

Plant	Normal employment	Present employment	Employment expected by September
Yellow Truck & Coach	4,300	9,100	15,000.
Pontiac Motor	6,500	10,500	(?) Likely to expand.
Pontiac Fisher Body	3,500	4,500	Do.
New Pontiac defense plant	(1)	(1)	3,000.
Wilson Foundry	500	500	1,750.
Baldwin Rubber	450	600	Definitely to expand to make gas masks.

[1] New plant making antiaircraft guns.

NATURE AND AMOUNT OF DEFENSE WORK IN PONTIAC

Yellow Truck & Coach.—At the present time 59 percent of all Yellow Truck & Coach work is defense work, while 63 percent of their truck work is defense work. The amount and percentage of defense work at this plant will increase greatly.

New Pontiac defense plant.—This plant is just starting to hire a large number of workers and is expected to employ 3,000 workers within a few months. This plant is devoted exclusively to defense work, making antiaircraft guns.

Pontiac Motor and Fisher Body plants.—These two plants at present are doing very little defense work, but they are expected to do some in the near future. Both of these plants are also expected to do even more auto work than they are now doing, which will further boost their employment and further complicate the housing problem in Pontiac.

Wilson Foundry.—This plant now makes steel flywheels for tanks and 6-inch steel projectiles. This plant is now negotiating with the Wright Co., of Dayton, Ohio, for some type of aluminum castings. They expect this order to require an additional 1,200 employees.

Baldwin Rubber Plant.—This plant is now doing very little defense work. However, the company has already begun work on plant expansion and they already have orders to make gas masks for the United States Army. This order will greatly increase employment at this plant.

American Forging & Socket Co.—This plant is now negotiating for several defense orders and it is expected that a large part of their work will be defense work.

Other smaller shops.—The Universal Oil Seal and Pontiac Appliance plants make oil seals for submarines, tanks, destroyers, and trucks. Several other small plants are also engaged in defense work.

Exhibit 29.—Need for Federal Assistance to Enlarge Hospital Facilities in Bay City, Mich.

REPORT BY J. HARRY NELSON, CITY MANAGER, CITY OF BAY CITY, MICH.

September 18, 1941.

The 1940 population of Bay City was 48,019 and the estimated 1941 population is 50,000, and it is assumed that the increase in population is due to the large amount of defense contract work which has been assigned to this area.

The defense contracts already placed with industries in Bay City amount to $25,000,000, excluding the Dow Chemical Co., and this amount does not include any subcontracts. These contracts are placed with the following industries: Dafoe Boat Works, shipbuilding; Dow Chemical Co., airplane castings; Kuhlman Electric Co., electric parts; Bay City Shovels, cranes and shovels.

The Dow Chemical Co. has recently completed extensive additions to plant at Bay City and has increased the number of employees. The amount of defense contracts held by this company is not available.

Additional industrial activity is reflected in several operations of the city, i. e., the water pumpage for the fiscal year ending June 30, 1941, amounted to 1,795,440,000 gallons as compared with 1,738,780,000 gallons for the previous year. The number of water meters in service for the same period was 12,432 compared with 12,186 for the previous year. The number of building permits issued for the first 6 months of 1941 was 731, amounting to $724,803, as compared with 598 permits, amounting to $481,322 for the first 6 months of 1940.

A recent survey made by the United States Public Health Service showed hospital facilities sufficient to service 335 beds were required in this area, whereas 200 beds are at present available, or a shortage of 135 beds, which shows that our present hospital facilities are overtaxed.

A recent survey shows that an average of 9,468 persons were employed in this area during the first 6 months of 1941 as compared with 7,445 for the corresponding period of 1940.

The Bay City area is so situated geographically that our hospital facilities are called upon to serve adjacent counties, on account of limited hospital facilities in those counties, i. e.:

	Population
Midland County	27, 094
Arenac County	9, 208
Tuscola County	35, 693
Iosco County	8, 560
Bay County	74, 891

All of the aforementioned data are based on present conditions in this area, and it is assumed that future conditions and prospects of increase in defense contracts and also increase in population would warrant the request of additional hospital facilities.

Without a grant from the Federal Government it will be impossible to construct these alterations and additions.

EXHIBIT 30.—NATIONAL DEFENSE CONTRACTS IN BAY CITY, MICH.

REPORT BY A. J. MAXWELL, MANAGER, BAY CITY CHAMBER OF COMMERCE, BAY CITY, MICH.

SEPTEMBER 11, 1941.

Insofar as we can determine, based on announcements made to date, the total of primary contracts for national defense work here is estimated at $25,000,000. Since figures are seldom disclosed on secondary contracts, we do not know what these would amount to locally; although it is possible they might range from $5,000,00 to $10,000,000.

Employment statistics follow (these are actual figures reported to us by all local plants employing 10 or more people):

	1937	1938	1939	1940	1941		1937	1938	1939	1940	1941
January	7, 147	5, 225	7, 541	7, 639	8, 957	July	8, 871	5, 719	5, 909	6, 185	10, 105
February	8, 662	5, 202	7, 173	7, 657	9, 232	August	8, 897	5, 259	6, 154	7, 558	9, 668
March	7, 738	5, 073	7, 205	7, 708	9, 518	September	9, 588	6, 142	8, 045	8, 699	------
April	7, 849	4, 998	7, 007	7, 081	9, 601	October	9, 266	7, 891	8, 281	9, 384	------
May	7, 900	5. 121	7, 403	7, 171	9, 575	November	8, 539	8, 187	7, 898	9, 681	------
June	8, 226	5, 742	7, 094	7, 415	9, 882	December	6, 292	7, 723	7, 956	9, 467	------

As of September 1, there were only 79 families on direct relief in Bay City. Nothing could better reflect the policy of Bay City manufacturers to hire local labor.

Local manufacturers have not yet found it necessary to import large numbers of skilled, semiskilled and unskilled factory workers. They have, however, in certain instances, found it necessary to draw on the rural areas of the Thumb district and northern Michigan for employees. Many, if not most, of these employees live within a radius of Bay City which makes it possible for them to drive back and forth to work.

For the most part, Bay City is a metal industries town.

Wherever they find it necessary to do so, plant operators are sponsoring training within industry programs.

It is estimated that 400 new houses will be either started or completed in the Bay City area this year.

Although Bay City's housing situation is considered tight, it is by no means desperate; and unless future months bring a much greater influx of defense workers than we have had to date, it is thought improbable that there will be a need for construction of so-called Government housing units. This chamber is, however, attempting to encourage more and more privately sponsored residential construction, in an effort to improve the quality and quantity of lower and medium cost housing. (Our vacancy ratio, according to a Work Prrojects Administration survey reported March 17, 1941, was 1.5 percent, of which 0.7 percent was considered habitable.)

EXHIBIT 31.—NATIONAL DEFENSE TRAINING IN BAY CITY PUBLIC SCHOOLS

REPORT BY BENJAMIN KLAGER, SUPERINTENDENT OF SCHOOLS, BAY CITY, MICH.

Proposed trade school unit

A proposed trade school unit will supplement the present facilities of the Bay City Central High School in the training of individuals needed in local industries for the fulfilment of contracts for national defense held by those industries.

The equipment of Central High School has been utilized to its full capacity by the regular students and the special classes conducted in training national-defense workers for the past year has placed a severe strain upon the plant and equipment. The demands for training have not been satisfied and upward of 300 applications are now on file for various types of training.

The proposed trade-school unit would provide five additional shops, two drafting rooms with a potential capacity for training 250 individuals based upon a 6-hour program. If two or three shifts were placed in operation the capacity would reach 500 or 750.

From the number of defense contracts held by Bay City industries and a review of the employment schedule enclosed, and the number of applications for training on file, it would appear that at least two shifts for trainees would be required.

The building would be erected on the Central High School grounds at a distance of about 40 feet from the shop units of Central High School. It is planned to use steam from the Central High School heating plant, which has two auxiliary boilers not now used and which would be more than adequate for the purpose mentioned.

The space utilized for the trade school unit adjacent to the Central High School will necessitate the purchase of a plot of ground adjoining the school administration building, which will involve an expenditure of $7,000.

The estimated total cost of this unit is as follows:

Cost of building	$70, 000
Architect fees	3, 500
Cost of equipment and furniture	69, 360
Cost of land	7, 000
Miscellaneous	600
Total cost	150, 460

Annual report, national-defense program, July 7, 1941

I. Preemployment refresher courses, plan I:

Courses offered:

1. Foundry.
2. Arc welding.
3. Machine shop.
4. Patternmaking.

Enrollment of preemployment refresher courses for the year	210
Placed in employment:	
1. Foundry	19
2. Machine shop	36
3. Welding	29
4. Patternmaking	5
Total	89
Persons finishing training without placement	24
Present enrollment of preemployment refresher courses:	
1. Foundry	16
2. Machine shop	19
3. Welding	24
Total	59

II. Supplementary courses, plan I:

Courses offered:

1. Machine operation.
2. Related drafting for sheet-metal workers.
3. Blueprint reading for automobile factory workers.
4. Related information, aircraft construction.
5. Blueprint reading for machine operators.
6. Shop mechanics for maintenance men.
7. Shop mathematics for machinist.
8. Shop mathematics for automobile workers.

Enrollment supplementary courses for the year	287
Present enrollment, supplementary courses	50

III. National Youth Administration, plan III courses:

Courses offered:

1. Automechanics.
2. Foundry.
3. Machine shop.
4. Office practice.
5. Homemaking.
6. Hospital aid.
7. Blueprint reading.

Enrollment of ND III courses for the year	237
Placed in employment:	
1. Automechanics and welding	20
2. Foundry	8
3. Homemaking	6
4. Hospital aid	3
5. Office practice	23
Total	60
Present enrollment National Youth Administration courses:	
1. Automechanics	24
2. Foundry	14
3. Homemaking	11
4. Hospital aid	19
5. Machine shop	16
6. Office practice	13
7. Related drawing	17
Total	114

Comparative data—Average membership and school census

School year	Kindergarten	Elementary (grades 1–6)	Junior high (grades 7–9)	Senior high (grades 10–12)	Special rooms	Junior college	Total, public school membership	School census	Parochial school membership
1926–27	558. 8	3, 738. 2	1, 572. 1	984. 4	213. 5	159	7, 226. 0	13, 788	3, 267. 3
1927–28	526. 9	3, 682. 5	1, 665. 8	1, 017. 5	204. 9	191	7, 288. 6	13, 812	3, 914. 7
1928–29	511. 6	3, 297. 6	1, 941. 6	1, 040. 3	157. 9	182	7, 131. 0	13, 962	4, 058. 5
1929–30	579. 9	3. 669. 6	1, 723. 0	1, 067. 2	204. 7	199	7, 443. 3	13, 840	3, 878. 8
1930–31	630. 4	3, 632. 5	1, 770. 2	1, 265. 8	190. 4	259	7, 748. 3	13, 911	3, 268. 9
1931–32	683. 3	3, 362. 7	1, 830. 3	1, 450. 5	194. 9	337	7, 858. 7	13, 843	3, 194. 8
1932–33	668. 0	3, 931. 8	2, 030. 4	1, 671. 8	219. 2	402	8, 923. 2	13, 733	2, 915. 9
1933–34	603. 4	3, 653. 3	2, 004. 0	1, 665. 3	228. 3	352	8, 506. 3	13, 865	3, 186. 8
1934–35	624. 7	3, 453. 3	1, 908. 3	1, 732. 8	256. 4	353	8, 311. 1	13, 843	3, 391. 2
1935–36	610. 8	3, 336. 9	1, 846. 6	1, 583. 0	245. 8	327	7, 950. 1	13, 597	3, 916. 6
1936–37	626. 3	3, 281. 1	1, 721. 5	1, 671. 1	320. 3	378	7, 998. 3	13, 517	3, 641. 1
1937–38	622. 2	3, 309. 9	1, 803. 8	1, 646. 0	209. 3	341	7, 592. 1	13, 472	3, 635. 2
1938–39	604. 8	3, 241. 7	1, 874. 5	1, 805. 2	149. 2	408	7, 675. 4	13, 422	3, 662. 3
1939–40	603. 0	3, 060. 0	1, 869. 0	1, 861. 0	66. 0	383	7, 842. 0	13, 181	3, 620. 0
1940–41	664. 0	3, 087. 0	1, 882. 0	1, 936. 0	55. 0	340	7, 964. 0	13, 200	3. 557. 0

Population of Bay City:

1926	51, 358
1939	47, 359

Growth in the vocational department, Central High School

	1928–29	1931–32	1934–35	1935–36	1936–37	1937–38	1938–39	1939–40	1940–41	1941–42
Mechanical drawing	77	90	130	130	156	123	107	139	184	198
Auto mechanics	40	83	112	105	113	97	108	146	150	156
Machine shop	29	64	155	124	133	196	205	190	236	290
Wood shop (including cabinetmaking and patternmaking)	41	135	165	155	181	163	175	180	192	196
Architectural drawing	18		29	25	18	27	26	30	30	29
Printing	38	85	57	58	87	75	73	108	100	80
Aeronautics		24	15	15	31	19				
Total	233	481	597	612	719	700	694	793	892	949

Dated July 8, 1941.

INFORMATION RELATING TO BAY CITY AND CONTRIBUTING AREA

1. Population within a radius of 5 miles from Bay City, City Hall, 55,000.
2. State and Federal highways entering the city: U S 23, M–47, M–15, M–24, M–25, and M–107.
3. Railroads serving this community: New York Central lines, Grand Trunk Western, Pere Marquette Railway.
4. Airports: William Clements Airport.
5. Public schools in Bay City: 15 public elementary schools, 2 junior high schools, 1 senior high school, 1 junior college, 13 nonpublic schools.

Resident building construction for Bay City and adjacent to Bay City—All areas indicated are important contributing areas to Bay City high schools

	Bay City	Hampton	Bangor	Essexville
1938	283	16	20	127
1939	330	29	25	133
1940	295	25	30	207
1941 [1]	158	27	45	82

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[1] To June 1, 1940.

Bay City data on employment in national-defense industries

Firm name	1940				1941			
	January	April	July	October	January	April	July	October (estimate)
Bay City Shovels, Inc.	275	275	285	285	300	330	315	350
Bay Manufacturing Co.	933	857	576	1,359	1,149	1,113	1,150	1,400
Chevrolet Motor Co.	2,100	2,100	635	2,125	2,120	2,230	2,300	(1)
Defoe Boat & Motor	150	150	210	275	380	420	575	1,000
Dow Chemical Co.	200	290	440	600	800	955	1,100	1,500
Garber Machine Co.	16	8	14	23	17	15	(1)	(1)
I. B. Corporation	439	432	222	449	508	561	590	700
Kuhlman Electric Co.	372	130	350	350	355	360	400	450
Laetz Foundry Co.	28	30	33	43	36	39	(1)	(1)
National Electric Welding	115	150	160	148	145	150	150	(1)
Plywood Products Corporation	148	170	234	300	300	350	260	300
Smalley-General Co.	27	28	35	43	43	43	41	(1)

[1] Unreported.

EXHIBIT 32.—NATIONAL DEFENSE MIGRATION SINCE JUNE 1940 AND SCHOOL STATISTICS, 1937–41, FOR MIDLAND, MICH.

REPORT BY J. J. SCHAFER, SUPERINTENDENT OF SCHOOLS, MIDLAND, MICH.

SEPTEMBER 15, 1941.

The school district of the city of Midland coincides with the geographical boundaries of the city but our high school serves a large area in Midland County and parts of Bay and Saginaw Counties. Thus, our nonresident enrollment is high. A 5-year record is shown below:

	1937–38	1938–39	1939–40	1940–41	1941–42
School census (5 to 19, inclusive)	2,703	2,785	2,730	2,745	2,826
Enrollment (kindergarten to 12)	2,561	2,581	2,664	2,814	2,830
Nonresidents (9 to 12)	375	391	429	500	518

Midland is the home of the Dow Chemical Co. whose steady growth has accounted for the increased population. A number of those employed do not live in the city proper, either because houses are not available or they prefer to live just outside of the city limits to avoid the heavier taxes of the city. For this reason their children do not enroll with us below the ninth grade and several of the rural schools near the city limits are crowded. All of the capacity of our present grade buildings are in use; hence, we are not anxious to enroll grade pupils who live outside our own limits.

The Dow Chemical Co. employs a great many college graduates, thus making Midland a rather young community. Our birth rate is high and the elementary school enrollment is rising. However, the situation is not acute.

A questionnaire was sent to the parents coming to Midland since June 1940, and who have children in school. We received replies from 56 who had come from other parts of Michigan and 16 who had come from other States.

The average number of children per family was 2.5.

They reported that it took them an average of 3.5 weeks to find a place to live, several built a home, and some were still dissatisfied with their rented quarters. Although a good many houses have been built here the past few years, Midland has had a shortage of desirable homes and especially apartments. Right now I believe that a shortage of building materials is causing a curtailment of further building of homes.

Most of those coming to Midland were promised a job before coming and all seem to be working. Some had been unemployed but most were transferred or had improved their status in position and salary.

Exhibit 33.—Defense Migration in Midland, Mich.

REPORT BY R. S. PHILIP, ACTING SECRETARY, MIDLAND CHAMBER OF COMMERCE, MIDLAND, MICH.

September 17, 1941.

The 1940 population census of Midland indicated that there were 10,329 people located in the city of Midland. There has been a steady increase in population in Midland Township as well as the city of Midland itself. This increase has been influenced, no doubt, by the defense program. The Dow Chemical Co., the largest employer in the district, has increased employment considerably, but perhaps the greatest factor is the building being done on the chemical warfare plant built by the Government and to be run by the Dow Chemical Co. This building is the cause for the influx of a great number of skilled workers such as necessary to building construction, but these workers have been of the temporary nature, coming and going as the demand requires as the building progresses. I have attempted to get an estimate of the required number of workers for the chemical warfare plant when it is put in operation, but I am told that this information would not be obtainable until the Government is ready to proceed and that the majority of the workers required will be women of an unskilled nature. The Dow Chemical Co. itself employs about 80 percent unskilled workers. The other 20 percent includes a lot of technical workers in with skilled workers. The Austin Co., doing the construction for the Dow Chemical Co., employs about 75 percent skilled laborers which, as heretofore mentioned, consists of skilled and building trades employees from out of the State or any place obtainable.

Concerning the local health situation, there are no powder manufacturing plants within the city and the only hazard that might be involved would be the natural hazards caused by the operation of a large chemical plant within the city.

In connection with the health situation, I might point out that the city of Midland is very poorly equipped with hospital facilities. At the present time, they have a small general hospital, very inadequately equipped for operating and having a very small bed capacity of probably not more than 10 beds. A remedy of this situation is being sought, and I understand that a grant has been given by the Government to subsidize the building of the hospital to the extent of about 25 percent of the total cost. This project is still in the offing and nothing definite has been shaped.

In regard to the housing vacancy ratios from 1937 to date, I was unable to uncover any information, although I can give home-construction data for the same period. We have a homes registration office set up in the chamber of commerce office and are attempting to register all vancies in the area. A recent 1-day survey conducted by the United States Post Office showed that there are very few vacancies in Midland, and the registrations so far have supported that. On the other side of the picture we have numerous applications for home dwelling units and are unable to keep a supply on hand. Single rooms seem to be plentiful. In 1937, 138 homes were built in Midland; 1938, 98 homes were built; 1939, 103 homes were built; 1940, 80 homes were built. During the first 7 months of 1941, 74 new homes were constructed and there are many others under construction. I am told by the lumber companies that lumber is available for building but it is hard to get skilled labor for construction. It can be seen that we can expect an improvement in the housing situation due to private building, but it is problematical as to whether it will be sufficient to cover the housing needs of Midland, at least during this defense period.

Since April of 1941 the direct relief load in Midland County has been consistently below 100 families. At the present time there are about 25 families on direct relief. In December 1939 the relief load was 254. This dropped to 128 in January 1940. In December 1940, the relief load was 121 and, as indicated from the present load of 25, it has steadily been decreased. If the present employment keeps up in Midland County, they do not anticipate very much of an increase in the winter months when the load was always been the heaviest.

I have contacted some of the smaller concerns doing business in Midland, and none of them seemed concerned over the lack of obtaining materials. One machine-manufacturing plant, while not working under full capacity, has a subcontract in view with a concern of Bay City which would give them full capacity. Their work at the present time is about 95 percent defense as their production at the present time goes mainly to the Austin Co. which is building the chemical warfare plant for the Dow Chemical Co. named as the No. 1 defense plant of the Nation.

Looking at the picture as a whole, it seems that the city of Midland has not been unduly burdened by the ramifications of the defense program and that there is not much cause for concern over unemployment in the near future due to priorities or lack of obtaining materials.

EXHIBIT 34.—DEFENSE INDUSTRY AND HOSPITAL FACILITIES IN SAGINAW, MICH.

REPORT BY FRANK N. ANDERSEN, CHAIRMAN, BUILDING COMMITTEE, SAGINAW GENERAL HOSPITAL, SAGINAW, MICH.

SEPTEMBER 6, 1941.

Below is a list of Saginaw firms having defense contracts totaling $21,671,533 in prime contracts and $15,000,000 in subcontracts. This list is furnished by the Saginaw Board of Commerce.

NATIONAL-DEFENSE CONTRACTS, SAGINAW, MICH.

Saginaw Steering Gear Division, G. M. C.: .30 caliber Browning machine guns; new 360- by 600-foot plant.
Saginaw Malleable Iron Division, G. M. C.: Parts for Allison aircraft engines; 1 addition built, another building.
Chevrolet Grey Iron Foundry: Motors, castings, and parts for Army trucks; two additions built.
Chevrolet transmission: Transmissions and bumpers for Army trucks; soon to go on aircraft engine parts.
Wilcox-Rich division, Eaton Manufacturing Co., airplane parts; three additions built, one building.
Saginaw Stamping & Tool Co.: Army trailers; one addition, one contract, another provisional.
Lufkin Rule Co.: Gages, precision instruments, etc.; one addition.
Baker-Perkins Co., Inc.: Powder-mixing machinery.
Wickes Bros.: Boilers and machinery for cantonments and arsenals.
Raymond Products Co.: 60 trailers for defense workers.
Blind Institute: Pillowcases.
F. W. & F. Carlisle Co.: Leather.
Jackson & Church Co.: Machinery for arsenals.
Mitts & Merrill: Machinery for Navy.
Stork Engineering Co.: Profiling machinery for gun plants.
Sugar Beet Products Co.: Compounds for arsenals.

All small pattern, tool, and machine shops in town have subcontracts from the above primary contract holders.

Youth Administration Mechanics Training School, under construction.

Defense contracts to June 30, 1941

Prime contracts	$21,671,533
Subcontracts, estimated	15,060,000

HOSPITAL FACILITIES

The population of Saginaw County, according to the 1940 census, is 130,468. Four general hospital beds per thousand is considered a moderate estimate of the needs of a community; that is, in addition to beds for chronic patients. On that basis Saginaw County would need 520 general hospital beds. We have 156 at St. Marys, 50 at St. Lukes, and 129 at Saginaw General, making a total of 335 adult beds, leaving us short 185 beds.

Of the 4,235 patients admitted to Saginaw General in 1940, 1,479 were from out of town. Six counties, namely, Saginaw, Bay, Midland, Tuscola, Gratiot, and Isabella are served mainly by Saginaw and Bay City hospitals. The total population of these 6 counties is 326,423 according to the 1940 census. Bay City has 241 beds and there are small hospitals in Caro, Mount Pleasant, and Alma, totaling about 132 beds.

Good hospital practice requires that the percentage of utilization of hospital beds throughout the year should be not more than 70 to 75 percent. This is necessitated by the segregation of various types of patients and also to allow for proper cleansing of rooms between cases. Those who assume that a hospital can run 100 percent full do not realize that an adult cannot be placed in a crib, a man cannot be put in the women's ward, a pneumonia or typhoid case must not be placed in a surgical ward, and obstetrical patients must be kept entirely separate. Our colored and Mexican population add another complication.

Saginaw General's percentage of occupancy for 1937 was 75.5 percent; for 1938 was 70.9 percent; for 1939 was 71.2 percent; for 1940 was 82.2 percent.

The percentage for the first half of 1941 is 92 percent, which includes peak days as high as 114 percent. To carry this load, we have increased our capacity in every possible way, crowding beds into unsuitable quarters, hurrying patients into beds still warm from previous occupants. A patient dying in a room with other patients must remain for lack of any other place to put him. All this is very hard on patients and, in spite of all this, we have turned away hundreds needing care.

You will see that even in 1940 we were running beyond capacity. This year, since defense projects are well under way, we have been overcrowded to a dangerous extent. Since the other hospitals are also overcrowded, an accident involving a number of people would be a catastrophe. There would be no place to care for them but the halls.

January 1941 was the date of the beginning of large-scale defense production in Saginaw. The same date was the beginning of a marked increase in hospital occupancy. There seems little doubt that the increase is due mainly if not altogether to defense migration.

The Saginaw Board of Commerce gives the following figures on industrial employment: First 6 months of 1940, 18,058; first 6 months of 1941, 22,034. June average, 1940, 18,044; June average, 1941, 23,014. Estimated workers on defense work, 1940, 3,000; 1941, 8,000. Estimate of additional defense workers required on contracts now held, 4,000.

Additional beds can be added most quickly and cheaply at Saginaw General, since central equipment is available to service an extra wing. Accordingly, Saginaw General Hospital has applied for Federal funds to build a 70-bed addition at a cost of $276,000. Public Works Administration—Defense Public Works Docket No. Michigan 20–125.

You may wish to know something of our medical standing. Our hospital belongs to the American Hospital Association, is approved by the American College of Surgeons, also approved for the training of interns by the American Medical Association. Each department of our medical staff has on it doctors who have been certified by the American boards of the various specialties. If you wish to enquire further as to our standing, Graham Davis, formerly with the Duke Foundation and now with the Kellogg Foundation in Battle Creek, knows something of our work.

Exhibit 35.—Community Facilities Needed in Saginaw, Mich.

REPORT BY CARL H. PETERSON, CITY MANAGER, SAGINAW, MICH.

This brief presents a picture of those public improvements that must be constructed if the city of Saginaw is to adequately meet problems growing out of the influx of people who have already come to Saginaw and will continue to come as a result of the national-defense program. Saginaw, a city of some 83,000 population, connected to Detroit by a 90-mile, four-lane superhighway, is playing a vital industrial role in national defense. At January 31, 1941, defense contracts aggregating $82,580,000 had been awarded in Saginaw and nearby Bay City.[1] This figure will undoubtedly pass the $100,000,000 mark by the close of 1941.

Defense industrial activity in Saginaw will ultimately mean an influx of people conservatively estimated at 15,000 to 20,000, or a population increase of 20 to 25 percent. If Saginaw's defense industrial program is to proceed without serious interruption, it is absolutely essential that additional housing facilities be provided—at least 1,500 new homes within the next year and one-half. Additional school facilities are also needed to meet this new problem.

Present housing facilities are totally inadequate to handle defense newcomers. Saginaw traditionally has a very stable housing condition that does not readily allow for quick absorption of a large group of people. Single-family dwellings make up 88.5 percent of all dwellings in the city.[2] Owner-occupancy is also prevalent, with 60.9 percent of all dwelling units occupied by owners. Both of these figures are well above the average for comparable cities. Mortgages held on owner-occupied structures also show the marked stability of Saginaw real property—only 35.5 percent. A recent study of vacancy in Saginaw residential properties by Work Projects Administration research authorities shows a habitable rental vacancy rate of but 0.9 of 1 percent.[3] Of those rental vacancies having all standard facilities, only 0.4 of 1 percent were ready for occupancy in February

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[1] Defense contracts awarded, National Defense Advisory Commission, 1941, p. 5.

[2] Saginaw real property survey, Work Projects Administration, 1940.

[3] Exhibit B, appendix for survey of vacancies in dwelling units, Saginaw, Bay City, and Midland, Mich., Work Projects Administration, 1941.

1941. This means that Saginaw cannot possibly meet its defense housing needs with existing vacancies. Large-scale building activity is the only answer to this acute problem.

INADEQUATE SEWERAGE FACILITIES

Saginaw's real defense housing problem is not one of building construction, but rather one of inadequate sewerage facilities. A recent survey of building agencies in the city reveals that 1,000 homes can be built by local enterprise within 1 year, providing the necessary sewerage facilities are made available. The more recent action of the President in approving Saginaw as a defense area wherein homes can be financed under title VI of the National Housing Act should give further impetus to local housing development sufficient to meet the emergency.[4] We know that the defense housing program can be handled locally if the necessary extensions to the sewerage system are made.

Large sections of the city lie undeveloped simply because the existing sewerage system cannot stand the burden of extensions into these areas. Sewer complaints from property owners show that there is widespread flooding of basements when heavy rains flood the existing sewerage system. The answer to the question of developing new areas for the necessary defense housing facilities lies in the construction of large relief sewers. At this point the city has for years been running into a stone wall. It has been impossible to finance large public improvements under the financial restrictions imposed by the 15-mill tax limitation.

Much thought and study has been given to the development of a satisfactory system for the city. A well-designed engineering program for relief sewers[5] involves a program which would require the expenditure of $4,000,000 to $8,000,000. It should be noted that the relief sewers contemplated in this program must of necessity be oversize construction due to the level topography and extensive drainage area of the Saginaw Valley. It must also be remembered that Saginaw has a combined sewerage system carrying away both sanitary sewage and storm water. Coupled with this relief sewer program is a system of interceptor sewers and a sewage-disposal plant ordered completed by the Michigan Stream Control Commission not later than May 1946 and costing an additional $3,900,000.

From the standpoint of defense housing, two projects included in the proposed sewerage-facility program demand immediate attention:

PROJECTS IN NORTHWEST AND SOUTHWEST SECTIONS

(1) A part of the program will open up a large undeveloped area in the northwest section of the city. This project, costing approximately $1,250,000, will provide facilities for the development of homes in the middle brackets, and also give relief to three large trunk-line sewers (State, Mackinaw, and Court) which originate in this rea. Storm flooding relief in these three large sewers will also open up additional home building in the developed areas now inadequately served by these sewers in time of heavy rains.

(2) A group of sewers that will open up an undeveloped area in the southeast section of the city will provide housing in the lower brackets. This project will cost in the neighborhood of $750,000.

Development of these two major relief sewer projects will do two things: (1) It will open the door to construction of desperately needed defense housing, and (2) it will pave the way for a solution of Saginaw's sewage-disposal problem, a problem that is bound to become more severe as a result of the defense program. These two problems, we feel, reflect the thinking of the House Committee on Public Buildings and Grounds in its discussion of the community defense facilities bills (H. R. 3213 and H. R. 3570).[6] When Saginaw's problems were presented at the hearing, a member of the committee commented by saying, "This is the first concrete evidence we have had of any need so far. We have been sitting here for days and listening to a lot of generalities, but this is the first concrete case we have had."[7]

Elimination of the sewerage facility "bottleneck" will open up housing development sufficient to meet our housing needs. This housing will be of permanent usefulness to the community, in contrast to temporary defense housing facilities built with Federal funds. It is also our belief that dollar for dollar, sewerage facilities will produce more housing in Saginaw than Federal housing assistance. In Muskegon, Mich., for instance, a Federal defense-housing project containing 300 dwelling units will cost in the neighborhood of $1,000,000. An expenditure of twice this amount on sewer construction in Saginaw will produce an unlimited supply of permanently useful housing facilities.

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[4] Press release, Division of Defense Housing Coordination, Office for Emergency Management, April 10, 1941.

[5] This plan is taken from a report prepared by the consulting engineering firm of Shoecraft, Drury & McNamee, that carries a determination of the sizes and grades of sewers considered essential to the program.

[6] Hearings before the Committee on Public Buildings and Grounds, House of Representatives, March 4–13, 1941, pp. 87–93.

[7] Ibid, p. 93.

With the completion of the two relief sewer projects discussed above, we can also look forward to a speedy solution of our sewage-disposal problem. While the problem of providing interceptor and sewage treatment facilities is not an entirely new one in the city, its solution must be regarded as much more urgent now in the light of defense needs. If pollution of the Saginaw River was a serious problem under normal conditions (as evidenced by the order of the Michigan Stream Control Commission), it will certainly constitute a much more serious problem with additional dumping of wastes resulting from the city's defense burden.

With adequate relief for the present overloaded system, we can begin to see the possibility of financing an intercepting sewer and sewage-treatment program through revenue bonds paid out of sewer rentals. But we cannot ask property owners to pay a sewer rental when sewers back up into their cellars with each heavy rain. The $3,900,000 interceptor sewer-sewage treatment program under our present fiscal restrictions would require a Federal grant of at least half that amount (on the basis that present Works Projects Administration programs are being handled). Once this program is completed, the remaining relief sewers can be financed locally from time to time with revenue from a combined sewer and water utility.

Exhibit 36.—School Needs in Saginaw, Mich.

REPORT BY CHESTER F. MILLER, SUPERINTENDENT OF SCHOOLS, SAGINAW, MICH.

Saginaw Public Schools,
Office of the Superintendent,
Saginaw, Mich., October 7, 1941.

Mr. Jack B. Burke,
Field Investigator, House Committee on National Defense Migration,
Washington, D. C.

Dear Mr. Burke: I am exceedingly sorry that I have not been able to get material to you before, but conditions are such here in Saginaw that it is difficult for us to give you positive information. The gun plant has never been completely tooled and, of course, they have not been able to take on the men that they should. The Wilcox-Rich division is not finished and as I understand it, an additional large shell order has been placed here.

Practically all the houses in the city of Saginaw are full and there are large trailer camps adjacent to the city.

As mentioned to you in our conversation here, we are planning to take all the children from the sixth grade up in this defense area where more than a hundred million in defense orders has been placed. In addition to that, wherever country schools are not able to carry the burden, we have taken in a number of rooms of pupils. This process is going on continually, but right at the opening of school we have not shown any great amount of growth because many of these people have migrated here from the south where school laws were not in force. Consequently, it is necessary for us to use officers to round up these children and get them into school.

What has complicated the situation has been the curtailment of automobile production. As yet it is not affecting us materially, but certain plants are to be retooled for defense purposes which is presenting a problem. This is particularly true in retraining people to work in a different type of industry. Before the year is over, there is no doubt but what we will have a very crowded condition.

As we suggested originally, the city and the Board of Commerce feel that they can take care of the local housing situation with local funds. With the 15-mill limitation, of course, schools have all the money they are going to get and it will mean a curtailment of the school year if we do not have relief.

I shall be very glad to answer any other questions that you may see fit to ask. By as good account as we are able to give, there have been 847 families moving into the city during the past 60 days.

I am attaching hereto a report which presents our problem.

Thanking you for any assistance you can give us, I am

Yours very truly,

(Signed) CHESTER F. MILLER,
Superintendent of Schools.

SURVEY OF BUILDING NEEDS IN SAGINAW TO MEET GROWTH DUE TO NATIONAL DEFENSE MIGRATION

School enrollment trends:

Registration:	
1937–38	16, 283
1938–39	16, 271
1939–40	16, 378
1940–41	16, 734
Average—membership:	
1937–38	15, 732
1938–39	15, 789. 9
1939–40	15, 814. 5
1940–41	15, 985. 4
Census:	
1937–38	22, 510
1938–39	22, 662
1939–40	22, 697
1940–41 (estimated)	23, 097

According to figures from the Department of the Interior and Employment Service, we estimate an increase of over 1,500 children, one-half in high school and one-half in grades, to say nothing of the area. At present, we are accommodating 1,234 from the area, most of whom are in high school.

Developments due to defense:

(1) Increased employee needs:

New gun plant (will employ additional)	6, 000
Wilcox-Rich (will employ additional)	1, 500
Malleable iron division, GMC	400
Chevrolet foundry	287
Chevrolet parts (new addition)	160
Chevrolet transmission	260
Means stamping and tool	50
Saginaw stamping and tool (new plant)	250
Baker-Perkins	97
Lufkin Rule (addition)	150
Severance tool (new plant)	200
Wickes Bros. (lathes) addition	200
Columbia mills	100
Jackson Church foundry	100
Saginaw metal products (new firm)	70
Wolverine pattern shop (addition)	50
Raymond products	100
Howard industries (new plant)	300
	10, 274

The above are estimates of manufacturers' needs when plants get into full operation.

(2) Population gains: Estimates of the board of commerce show an increase in population of over 1,000 since January 1, 1941, to say nothing of the increase in the adjacent area.

Saginaw industrial increases compared with a year ago

[Prepared by Board of Commerce, June 1, 1941]

	Percent
Industrial employment is up	28.0
Total industrial pay rolls are up	50.0
Production employment hours are up	30.0
Building construction is up	132.0
Retail sales are up	14.0
Municipal welfare costs dropped	55.0
Volume of savings in banks is up	7.5
Commercial deposits in banks are up	22.5
Electric power consumption is up	24.6
Bus passengers increased	18.5
Car loadings increased	32.4
Railway express shipments are up	11.0
Telephones increased	11.6
Postal receipts are up	9.0
New passenger car registrations are up	35.5

Saginaw housing construction—Additional family units provided—Department of building permits

	1939	1940	1941 to May 31	Estimated for year 1941
Single family dwellings	217	263	156	
Two-family dwellings	4	8	6	
Multiple dwellings	15	4	10	
Remodel and repairs (residential)	167	167	163	
Total	405	442	335	[1] 1,400

[1] At present rate, number of permits more than double for summer months.

Trends in industrial growth, 1941 over 1940—Actual figures furnished by the Saginaw Board of Commerce

Industrial employment as of June 1:	
1940	17,989
1941	23,175
Industrial pay rolls as of June 1:	
1940	$650,000
1941	$1,000,000
Electric power consumption, month of May:	
1940 (kilowatt-hours)	12,663,858
1941 (kilowatt-hours)	15,683,833
Bus passengers carried, month of May:	
1940	357,504
1941	422,055
Car loadings, month of May:	
1940:	
Forwarded	1,039
Received	2,204
1941:	
Forwarded	1,294
Received	3,008
Express shipments for month of May:	
1940	20,185
1941	22,204
Telephones in service as of June 1:	
1940	18,013
1941	20,107
Postal receipts, first 5 months:	
1940	$218,650
1941	$238,486
New car registrations, month of May:	
1940	409
1941	553

BONDED INDEBTEDNESS

The school district now has outstanding $127,000 in bonds which will be paid this year. Taxation for this purpose is provided by a prior obligation law which permits a special levy outside the 15 mills. The district will be completely out of debt in 1942.

EXISTING LAWS HANDICAPPING LOCAL BUILDING

1. All units of government—city, school, and county—are limited to 15 mills by constitutional amendment. It takes a two-thirds vote to remove the limitation which has been attempted several times without success. Each time a majority vote was recorded.
2. Schools are limited in operation to their share of the 15 mills, which is approximately 5 mills each year, and what money is allowed by the State.
3. Bonded indebtedness is limited to 5 years by the State constitution including complete payment of bonds and interest within that time. This makes a project of any size almost impossible to completely finance locally.

Per capita costs.—The per capita costs given below are low for Michigan. The Saginaw board has always operated within its income. Salaries have been the lowest of the larger cities in Michigan.

Just now the board is faced with unionization and competition with industry, and costs must materially increase.

Average per pupil cost:	
1936–37	75.02
1937–38	83.76
1938–39	82.42
1939–40	83.93
Average per pupil high school cost:	
1937–38	93.72
1938–39	85.86
1939–40	91.50
1940–41	103.45
Average per pupil junior high school cost:	
1937–38	85.75
1938–39	85.31
1939–40	85.66
1940–41	94.87

Future development.—An examination of the population growth of Saginaw City during the past 30 years brings forth several interesting facts. The total growth between 1900 and 1930 was 37,955, or an average growth of 12,790 each decade. However, the growth between 1920 and 1930 was 18,392, almost 59 percent of the total growth during the entire 30 years. The reason for this growth during the past decade is the location of several automobile plants here and their consequent expansion. Referring to the tables, we find that this same group constitutes less than 5 percent of the total industries and employs about 47 percent of the total employees.

The Linde Air Products Co. and the Prest-o-Lite Co. have both purchased sites in Saginaw where plants are to be erected as soon as business conditions warrant it. The new gun plant is just being completed, and the Chevrolet foundry, General Motors transmission, General Motors malleable, Wilcox-Rich, Lufkin rule—all are adding large additions to meet defense needs. The schools have trained and placed in industry over 1,200 men since July 1, 1941.

Saginaw offers to the prospective industry a number of inducements, such as cheap coal, cheap electrical power, and abundance of pure water, skilled labor, and a wide-awake board of commerce.

During the 10-year period, 1922–32, an average of 348 houses were erected each year. This new building should continue with at least the same intensity to care for new families moving to town and also for replacements of existing dwellings. Defense expansion has caught the city far short on housing.

The present crisis.—Over $82,580,000 in Federal defense orders has been placed in this city and its immediate vicinity. Orders will eventually reach over $100,000,000. The large gun plant which is now being completed will require the employment of over 4,000 additional employees. Other plants, such as Wilcox-Rich, the malleable iron division of General Motors, the gray iron division of General Motors, Means Stamping & Tool, and Saginaw Stamping & Tool are building additions for increased capacity.

EFFECT ON SCHOOLS

According to figures from the Department of the Interior and employment service, we can rather accurately estimate an increase of 1,500 children. Approximately 50 percent will attend elementary school and 50 percent will attend junior-senior high.

Saginaw already has a school problem.—Assessed valuations have decreased.

The per capita wealth is $1,068; the lowest of the larger cities of Michigan.

The wealth back of each public-school child is $6,123, next to the lowest of the larger cities of Michigan.

The senior high enrollment is 4.6 percent of the entire population, the highest of the larger cities in Michigan.

The senior high enrollment is 24.2 percent of the public-school enrollment.

Saginaw has $443 in school property back of each child; the lowest of the larger cities.

Saginaw has $69.90 school property for each $1,000 of school district valuation; next to the lowest.

The school census is the highest of the larger cities: 27.7 percent of the population.

Saginaw's school census has increased yearly.

Saginaw showed 4 percent increase in census from 1935 to 1940 while other cities lost.

Saginaw's population has increased beyond ability to build schools.

We anticipate the greatest problem in high school. There are not any high schools within a radius north of 10 miles, east 20 miles, south 30 miles, and west 15 miles. We have enrolled 982 students from outside the city of Saginaw.

Whether defense employees live in the city or outside, the city of Saginaw will have the burden; already surrounding rural schools are crowded beyond capacity and large numbers are being sent into the city.

Saginaw is divided almost equally geographically and as to population by the Saginaw River, a natural boundary line. Saginaw East High School serves the east side of the city. The school uses an old building 54 years old, of nonfireproof construction, and a building across a heavy thoroughfare and fire line serving the south end of the city. More than 1,000 pupils must cross the street each hour where policemen are stationed to stop traffic.

Since any building was done, the high school has increased 1,000 pupils making a seriously crowded condition. The school is located three blocks from the business district, has no playground, cafeteria or other modern facilities which means pupils must be turned out on the streets in the downtown district.

It is proposed to locate a new high school out from the center of the city, raze the old high-school building, use the other building, now 30 years old of semifireproof construction and donated to the city, as an industrial school. The city has a great demand but no facilities. This building, located close to downtown, could serve as an adult educational rehabilitation and retraining center badly needed in an industrial city.

The Saginaw High School now serves a large rural population covering half the county; the closest high school north is Bay City, 12 miles away; the closest east is Vassar, a small school 20 miles away; the closest south, Flint, 30 miles away. All high-school pupils from Bridgeport, Frankenmuth, and smaller villages are transported to this high school. With the State now paying transportation, a yearly average of 982 pupils will attend from rural sections outside the city district.

If the Saginaw High School can be replaced by a new building, we estimate sufficient building space can be made available of junior-high and elementary pupils with the possible exception of small additions to new outlying elementary schools planned to take additions at a minimum of cost.

The need—Increased enrollment.—From 1927 (enrollment, 843) to 1940 (enrollment, 1,743) the number of pupils increased 100 percent in buildings designed to accomodate 800 pupils. It has been necessary to use all basement space unfitted for high-school use, convert toilet rooms into classrooms, divide three large rooms by partitions with inadequate light and heat, use locker rooms, convert the swimming pool for instruction, turn pupils on the street on the end hours.

HOUSING CONDITIONS

1. Old high-school building erected in 1879 to accommodate 300 pupils, enlarged in 1893, brick veneer, wood construction. Large rooms partitioned in three rooms with exits only through other rooms. Heating system changed from fur-

nace to steam with old ducts in walls—decided fire hazard. Chemistry laboratories under main entrance.

2. Manual training building donated to city by William R. Burt in 1893—semifireproof, high-pressure heating boilers under gymnasium. Fire inspector will not allow spectators, 1,700 pupils must cross Warren Avenue each hour, seven times a day in all kinds of weather, with 5,000-car daily traffic load and an established fire-line and bus route.

3. Swimming-pool building used for instruction. Pool floored over due to enrollment increase and used as girls' gymnasium and music department. In no way adapted to present use.

4. Three-story residence house, old, used for overcrowding—entirely wood—used for girls' classes.

5. Indoor athletic contests and practices are held at Central Junior High School, seven blocks from the building, due to gym condemned for spectators.

6. School assemblies are held downtown at public auditorium to which students are marched through the streets since school auditorium seats only 400 and is unsafe for that number.

7. Outdoor athletics held at a field a mile from the school because there is no outdoor play space near building.

8. Plays and dramatic productions held at Temple Theater downtown where regular shows must be canceled to accommodate the high school.

9. The school has no library but uses public library three blocks away.

10. The school has no cafeteria or lunchroom, compelling childen to go to downtown district for lunch.

11. Due to crowded conditions 300 students are compelled to attend classes during the noon hour.

12. Shops are being operated 24 hours a day for defense training.

13. Shops are antiquated, equipped with machinery bought from the Government second-hand, after the first World War.

14. Toilet facilities are inadequate.

15. Lighting system is inadequate, wired years ago, and 220-volt current furnished with dynamo.

16. Every available type of room, including reduction in number of janitor rooms, even toilets, have been converted into classrooms.

17. Entire basement used as classrooms.

18. There is no play space; buildings are right on the street.

Federal Security Agency
OFFICE OF EDUCATION

September 9, 1941.

Supplementary Information on School Conditions in Defense Areas

1. Name of school corporation: School district of the city of Saginaw, Mich.
2. Address: 544 Millard Street.
3. Defense area: Saginaw.
4. List of defense industries or activities affecting school conditions. (See attached report, p. 1.)
5. School membership (total for corporation.)[1]
6. How does this membership compare to the membership at the close of school in June 1941? Up 300.
7. How many additional teachers (beyond the number employed in June 1941) have actually been employed for the school year 1941–42? Elementary? None. High school? One. Vocational courses? 36 additional teachers.

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[1] Membership refers to actual numbers enrolled as of date.

Type of school	Indicate grades, i. e., 1–6; 7–12	Sept. 9,[1] 1939	Sept. 9,[1] 1940	Sept. 9,[1] 1941
Elementary	K, 1–6	8,112	7,918	7,868
Junior high school	7–9	3,853	3,745	3,780
High school	10–12	3,733	3,778	4,068
Total		15,698	15,441	15,716

[1] Indicate the day in September when the count was made.

8. How does the pupil-teacher ratio (i. e., 1–35) in September 1941 compare to September 1940? June 1941? 1–36; 1–38.
9. Does the membership reported above represent, in your opinion, the peak of the enrollment expected during the school year 1941–42? If not, estimate what the peak will be and when it will be reached? No. Each day relieving rural schools. Two plants being built not in operation. Peak in May.
10. Has the housing situation (private or governmental) changed since you made previous reports to the Office of Education or to the Public Works Administration? No.
11. It is suggested that if there are conditions not covered by the points set out above, that an accompanying letter making a fuller statement be provided. Date: October 7, 1941.

CHESTER F. MILLER, *Superintendent.*

EXHIBIT 37.—DEFENSE MIGRATION IN BATTLE CREEK, MICH.

REPORT BY FLOYD H. BARRY, MAYOR, CITY OF BATTLE CREEK, MICH.

SEPTEMBER 20, 1941.

We were faced with a very serious water supply failure at the very height of the summer demand period and for a short time things looked bad for us in the city and the people in the housing area whom we supply. Fortunately, we were able to solve this and as soon as funds are made available to us we will be able to avoid a recurrence of this problem.

Immediately upon the heels of this we encountered a strike on the part of all public service employees and it was a week in settlement.

POPULATION

I offer population figures as follows:

	1930	1940-41	Estimated as of 1942
City of Battle Creek (census population)	43,000	43,500	45,000
Increase in civilian population induced by Fort Custer		10,500	21,000
Total	43,000	54,000	66,000

We have estimated the influx of population induced by Fort Custer on the basis of 0.5 civilian for each soldier and officer in the fort. This ratio of increase was confirmed by the United States Public Health Service at the time our applications were submitted some 2 months ago.

The above figures do not, by any means, begin to indicate the load upon our municipal services and facilities. For example, our sewage plant treats sewage from all of Fort Custer, the American Legion Hospital, the Veterans' Hospital and the defense housing area, a total present estimated population of 79,332.

It has been quite definitely indicated that Fort Custer is due for expansion which would double the present population. This appears to be scheduled for early 1942 and while we cannot confirm this in any way we feel justified in preparing for this increase which would increase the load upon our sewage plant to a sewage flow from 112,164 people.

If Fort Custer is expanded the noncommissioned officers' defense housing area will also be increased from 1,000 to 2,000, making the probable population served by the plant 113,164 people. In addition to this we are committed to treat the sewage from Battle Creek Township, a heavily populated area adjacent to the city. This area is likewise affected by nearby Fort Custer and at the present moment has a population of 7,500 people. This would make a total load at the plant of 120,664 people in 1942. Our plant sedimentation capacity is for a population of 60,000 persons anticipated in 1950.

This will give you some idea of the problem which confronts us in the matter of public sanitation and public health.

Fort Custer has its own water supply but we serve the housing area and almost all of Battle Creek Township along with our own population. The present population now served with water is 67,944 and with expansion of Fort Custer this will increase to 79,888 people.

In all estimates we have not calculated the influx of population in nearby Battle Creek Township, a part of which is known as Lakeview district virtually a part of the city except for corporation limits. We wished to leave out the 3,750 people which, according to United States Public Health Service estimates, would come into this area because of Fort Custer. The purpose of eliminating this figure is to arrive at a conservative estimate in all of the above instances.

The added burden and responsibility of our police and fire departments cannot be based on population figures but I can tell you that on many occasions we have had to hold as many as 48 soldiers in our police headquarters overnight and until fort authorities took them into custody. With added present population as well as a heavy transit population this building has been greatly overcrowded but in spite of this we have had to provide permanent office space here for military police. Our force has had to be increased by 10 new officers. Our fire department is among the finest in the country and fortunately a long-range program has resulted in providing equipment of sufficient capacity to handle the increased building due to increased population. To be in a better position to handle the emergency which is upon us a reorganization of our fire department has been necessary. Many promotions, with increase in pay, have been made necessary by our efforts to make this vital protective service more efficient. As yet, few additions have been made to the personnel staff but more seem imminent at this writing.

Very accurate records of our chamber of commerce show that our factories are working night and day on defense contracts totaling $9,432,519. This figure does not include the $12,000,000 expansion program at Fort Custer which makes a grand total of $21,432,519 worth of defense activity within the immediate confines of our metropolitan area. You can well imagine the influx of population we have encountered. It may interest you to know that 1 of our plants formerly employing 300 men now employs 850 and will soon pass the 1,000 mark. Today our engineer reports to me that this increase has made it necessary to install 710 feet of 18-inch sewer in a street now more greatly used by these employees. While a sewer had been planned for this street it has, up to now, been so little traveled that drainage was not a problem. I cite this case merely to point out that no matter how detailed we can make a report of this kind, intended to give a clear picture of our urgent need for Federal aid, we cannot adequately indicate our critical position.

In an effort to meet the greatly increased demand on our water system we instituted and have now half completed a rehabilitation project at our Goguac Lake pumping station. While this will increase pump capacities and water supply it will not increase water pressures for the defense housing area. Requests for this increased pressure have been most urgent but we are positively unable to produce these unless Government aid is assured at once.

I cannot but feel that a comparative tabulation of water pumping figures will substantiate my statements and give a much clearer picture of our problem. The following table shows the water pumped from January through August in 1940 and 1941. The third column shows the percent increase in this pumping made necessary by defense activities.

Total gallons pumped

Month	1940	1941	Percent increase	Month	1940	1941	Percent increase
January	118, 855, 000	111, 790, 000		May	110, 921, 250	158, 684, 000	43. 0
February	110, 567, 500	103, 365, 000		June	121, 640, 000	163, 075, 500	34. 2
March	108, 230, 500	126, 105, 000	16. 5	July	184, 346, 000	200, 090, 000	8. 6
April	103, 498, 500	123, 580, 000	19. 4	August	154, 542, 000	209, 557, 500	35. 6

I would call attention to the fact that most of the large industries have their own water supplies and are connected to the city supply for emergency purposes only. To my knowledge this latter supply has been drawn upon slightly if at all. These private supplies are of much greater capacity than normal operations would require.

A similar tabulation showing the extreme loading on the sewage-treatment plant will likewise present a better picture of our situation at this vital point. The following table shows the monthly flow of sewage to this plant for the same period and also the percent increase in this load due to Fort Custer and defense activities.

Total gallons sewage

Month	1940	1941	Percent increase
January	114,400,000	162,800,000	42.3
February	113,100,000	140,400,000	24.2
March	116,500,000	170,100,000	45.9
April	114,900,000	186,300,000	62.1
May	116,000,000	186,900,000	61.2
June	124,300,000	182,000,000	46.4
July	125,100,000	259,700,000	107.7
August	151,600,000	229,600,000	51.5

In February and August of 1941 troops at Fort Custer were called out on winter and summer maneuvers. This accounts for the sudden drops and increases in percentage figures above.

Such statistics as these are obviously not possible for our police and fire departments and my statements with regard to these public services cannot be substantiated by comparative figures.

I might add the most recent of our problems which pertains intimately and directly to troops coming into the city on leave. In conjunction with a State health department program we requested two case workers in venereal disease control. This we were granted but the State agency insisted upon the employment of a supervising nurse. We were not financially able to provide this and have just recently been informed that no further State aid would be allowed. Of necessity, we must therefore curtail our program in this important matter and get along the best we can until some outside help is forthcoming.

I feel that in our applications for Federal aid we have been fair and just. I earnestly believe that we have entered upon these matters in the best of good faith, requesting the absolute minimum of help to overcome our problems. In the matter of sewage plant extensions, for example, we have denied our plant the security of stand-by or emergency equipment and revised rather than replaced present machinery to meet the need and demand. I could cite any number of instances where this has been done in our entire program and I feel justified in stating that, while there may be many instances as worthy as our own, none are more closely and intimately concerned with defense activity than we are here. Defense-related industry no doubt needs help but there is always the possibility of falling back on added revenue while a defense-related municipality cannot depend on any such assistance to carry on its added responsibilities.

EXHIBIT 38.—EFFECT OF DEFENSE MIGRATION ON PUBLIC SCHOOLS OF BATTLE CREEK, MICH.

REPORT BY ELDON C. GEYER, SUPERINTENDENT OF SCHOOLS, BATTLE CREEK, MICH.

National-defense migration has affected the public schools of the city of Battle Creek, Mich. (population 43,373, census of 1940—46,000, estimated, present), which adjoins Fort Custer where $11,000,000 worth of construction has been in progress for 18 months and where for nearly a year 20,000 soldiers have been stationed, by:

1. Suddenly increasing enrollment in a normally 8,500-pupil school system upwards of 500;
2. Increasing the financial burden of a school system already carrying a current debt load of $125,000 (short-term notes) due to steadily accumulating operation and maintenance deficits from which there is no relief because of a constitutional limitation on local taxation, arbitrarily set in disregard of experience and proved inadequate in all Michigan limitation districts.
3. Necessitating large scale Defense schools for training migrant and local workers in specific skills urgently necessary to industries having defense orders (airplane valves, truck-tractors for use at airports; gun carriages, metal identification tags, steel and wire products).

During the school year 1940–41, due to inadequacy of machinery for tracing the children of migrants, we were unable to get a full count of enrollment increase due to national-defense migration, but could definitely count 351 children of Army officers and civilians employed at the Fort, who came to Battle Creek since June 1, 1940. This, of course, took no count of the large number of children of migrant workers employed in local defense industries.

Since June 1, 1940, the school budget has increased $128,000, with an increased income of but $19,500 from local taxation derived from an increase in allocation of the 15-mill limitation for city, county and schools, but of this amount $13,000 has been earmarked by the State debt commission for application to retirement of $125,000 of current debt. The per capita pupil cost in Battle Creek is $95.50.

Defense schools in operation since July 17, 1940, have turned out more than 1,300 soldiers and civilians trained in specific skills necessary to the Army and to defense industries.

[The tabulation below was received subsequent to the hearing, and is included in the record in accordance with instructions of the chairman:]

Effects of national-defense migrancy on Battle Creek public schools—Results of questionnaire to Oct. 2, 1941

Questionnaires sent out	900
Questionnaires returned	617
Children of Army officers, commissioned and noncommissioned, who have come to Battle Creek since June 1, 1940[1]	112
Children of civilian workers employed at Fort Custer who have come to Battle Creek since June 1, 1940	71
Children of workers employed in national-defense industries (have war orders) who have come to Battle Creek since June 1, 1940	190
Children of workers employed in business, commerce, and industry drawn here by increased volume due to fort establishment	146
Children of Government employees at veterans' hospital who have come here since June 1, 1940	26
Self-supporting high-school pupils who have come here since June 1, 1940, because work in defense industries, business, commerce, and industry was easy to find	15
Total national-defense migrancy since June 1, 1940, revealed in 617 of 900 questionnaires sent out	560
Children of new arrivals since June 1, 1940, brought here by transfers and nondefense or unrelated national-defense employment	53
Children of workers who came to join parents who came here prior to June 1, 1940 (bettered economic status migrancy)	4
Total	617
Questionnaires not returned	283
Total	900

[1] Army officers were on maneuvers until Oct. 7, and during their absence wives of many were hesitant to give information or return questionnaires until husbands were consulted.

EXHIBIT 39.—DEFENSE INDUSTRY AND MIGRATION IN MUSKEGON, MICH.

REPORT BY JOHN C. BEUKEMA, SECRETARY-MANAGER, GREATER MUSKEGON CHAMBER OF COMMERCE, MUSKEGON, MICH.

SEPTEMBER 22, 1941.

Greater Muskegon includes the cities of Muskegon, Muskegon Heights, and North Muskegon and their environs, making a community with an aggregate population of approximately 75,000.

Several of our industries engaged in defense work are loath to give out figures because of the very nature of their product for the Army, Navy, and British Purchasing Commission. In these instances we have supplied our best estimates.

MIGRATION

Summarizing, I might point out that the demands of national defense have increased employment in manufacturing industries in Muskegon from approximately 15,723 in April 1940, to 22,852 in August 1941. (Previous employment peak in Muskegon was 18,244 in October 1937.) The difference, some 7,000 workers, has been drawn from the following sources:

(1) Approximately 1,800 to 2,000 workers were taken from Work Projects Administration and relief rolls.

(2) Commuters, some of whom drive 50 miles each way from their respective homes to factories in Muskegon, account for another 3,000 to 4,000. In other words, due to improved highways and increased vehicular speeds the commuting distance since the last war has increased from 15 to 50 miles.

A worker, for illustration, who has been making $22 a week in a woodworking plant will not hesitate to drive 40 miles each morning to work and back again at night each week when wages will range from $40 to $65 a week.

(3) The remaining group, representing some 2,000 to 3,000 workers, are true migrants. Principal points of origin are:

(*a*) The unemployed in the small cities and villages of northern Michigan, i. e., that portion of the State north of the Muskegon-Bay City line. Many residents of this area flock to Muskegon when factory jobs open because it permits them to board here and drive home Friday night for 2 days with their families, returning Sunday evening.

(*b*) The Southern States where there is a considerable volume of labor, both white and Negro, that migrates to Michigan industrial centers whenever employment in the State mounts. Some bring their families with them. Others find temporary lodging.

It has been our observation over a long span of years that it usually takes from 6 months to a year for a family of this type to take root in Muskegon, i. e., the worker will obtain board and room for a time and eventually send for his family to join him.

HOUSING

There is no current housing shortage. We have met the housing situation by both private and public construction. Private industry built 350 houses in the Muskegon area in 1939, 550 in 1940, and anticipated construction this year is 750. (Estimates by Bert Ketchum, manager, Muskegon Federal Savings and Loan Association.)

In addition, Defense Housing Administration has erected 300 dwelling units in Muskegon in multiple apartment buildings.

Suburban growth has developed such problems as need for new schools, water-main extensions, sewer extensions, etc. Private utilities are doing a good job in keeping pace with this suburban growth. Local governmental units are lagging, largely due to lack of funds. As a result, health problems are being created in congested areas where there are no water or sewer facilities, due to private wells being placed in close proximity to cesspools, etc. Public Works Administration projects are now pending.

HOSPITAL FACILITIES

Another serious problem is lack of adequate hospital facilities. Hospitals here were already overcrowded during the depression period. A recent survey discloses a shortage of approximately 110 beds, or 50 percent. Problem is now under consideration by local authorities, but Federal aid will be required.

PRIORITIES

At the immediate moment the greatest single question facing industry is the effect of priorities on nondefense industries producing goods for civilian consumption. Principal industry in this category is Norge division of Borg-Warner Corporation, producing refrigerators, electric washers, electric ranges, and other items of plug-in equipment.

Figures on Awarded Defense Contracts, Both Primary and Subcontracts

ACCURALITE CO. (EMPLOYING 288)

Working 60 to 70 percent on defense contracts. Bulk of work is on subcontracts from several motor-manufacturing companies, such as General Motors, Allis Chalmers, International Harvester, etc. Have some direct primary contracts from United States Navy. Manufacture pistons, sleeves, etc.

AGERSTRAND CORPORATION (EMPLOYING 51)

Working 80 percent on defense contracts. All subcontracts for machine assemblies, parts, and heat-treated machine parts; also tank parts for Army Released through Chrysler Corporation, Continental Motors Corporation, United States Rubber Co., Goodyear Rubber Co., Inland Manufacturing Co., division of General Motors. Approximate volume, $650,000.

AMAZON KNITTING CO. (EMPLOYING 686)

Have direct primary contracts to supply underwear—shirts. Total approximate volume, $300,000; shipped, $130,000; unshipped, $170,000. No trouble to get labor; turn-over small.

AMERICAN COIL SPRING CO. (EMPLOYING 173)

Working on subcontracts 30 percent. Manufacturing springs for periscopes, gunsights, etc. Approximate volume, $300,000.

BRICKNER & KROPF MACHINE CO. (EMPLOYING 79)

Working 90 percent on subcontracts. Manufacture gages, tools, jigs, fixtures, and machinery parts for machine tool concerns. Average volume $40,000 per month.

BROWNE-MORSE CO. (EMPLOYING 162)

Working 65 percent on subcontracts for office equipment. Approximate value, $400,000.

CAMPBELL, WYANT & CANNON FOUNDRY CO. (EMPLOYING 2,400)

Working 75 percent on defense work, mostly subcontracts and awards from motors companies. Make steady flow of cylinder blocks and motor parts for Hercules Motors, Ford Motor Co., General Motors, etc., carrying defense priority rating.

Have completed $1,500,000 order from British Purchasing Commission for shells; also large order for tractor treads. Have direct order from United States Army for experimental shells. Contract totals $17,000.

Company is now negotiating contract for tractor parts with United States Army. Anticipated total, $4,000,000.

CENTRAL PAPER CO. (EMPLOYING 556)

Working between 40 and 50 percent on national-defense subcontracts.

CLOVER FOUNDRY CO. (EMPLOYING 74)

Working about 50 percent on subcontracts for defense. Furnish piston ring castings for airplanes to Wright Aeronautical Corporation. Manufacture gray iron castings.

CONTINENTAL MOTORS CORPORATION (EMPLOYING 3,150)

Bulk of the business is on primary defense contracts, but company is making no official announcements. Army and Navy demand secrecy. They do not want unit figures disclosed or even guessed at.

Approximate total volume is $75,000,000 here and at the Detroit plant. Estimated, Detroit plant, $35,000,000; Muskegon plant, $40,000,000.

KAYDON MANUFACTURING CO.

Working 100 percent on primary contracts. Have contract with United States Navy for roller part assemblies, antiaircraft guns. Over $1,000,000.

LAKEY FOUNDRY & MACHINE CO. (EMPLOYING 1,455)

Working 65 to 75 percent on defense subcontracts. Manufacture gray iron castings.

LYONS MACHINE CO. (EMPLOYING 103)

Company has no primary defense contracts. Have been awarded some subcontracts for turret lathes for machine and precision tools. Order is through Foster Manufacturing Co., division of International Machine Corporation, Elkhart, Ind. Company also has subcontract for dies for 105-millimeter shells. Order through Olds Motor Co. at Lansing. Approximately 60 percent of work is national defense.

MIDWEST MACHINE & MANUFACTURING CO. (EMPLOYING 30)

Working 90 percent on subcontracts for arms manufacturers, Consolidated Arms Co., Savage Arms Co., etc. Manufacturing gun fixtures and gages.

MORTON MANUFACTURING CO. (EMPLOYING 193)

Have direct contracts for heavy machinery for both Army and Navy; principally universal borers, millers, and grinders. Also work for other defense plants. Present backlog about $1,500,000.

MUSKEGON ALUMINUM FOUNDRY CO. (EMPLOYING 31)

Working 35 percent on subcontracts; released principally through Crane Co., Chicago. Manufacture aluminum and brass castings.

MUSKEGON MOTOR SPECIALTIES CO. (EMPLOYING 431)

Working 80 to 90 percent on subcontracts for defense through Hercules Motors and General Motors. Company finishes camshafts for Army trucks, cars, and tractors.

MUSKEGON PISTON RING CO. (EMPLOYING 307)

Working 40 to 50 percent on national-defense subcontracts.

MUSKEGON SCREW WORKS (EMPLOYING 58)

Working 50 percent on national-defense subcontracts.

MUSKEGON TOOL & DIE CO. (EMPLOYING 15)

Working 35 percent on national-defense subcontracts.

MUSKEGON TANNING CO. (EMPLOYING 146)

Working 55 percent on subcontracts through J. Laskins & Sons. Orders are for tanned sheepskins for aviation suits.

PYLE PATTERN & MANUFACTURING CO. (EMPLOYING 108)

Working 85 to 90 percent on national-defense subcontracts, metal pattern equipment for castings.

SEALED POWER CORPORATION (EMPLOYING 894)

Working 40 to 50 percent on national-defense subcontracts. Manufacture piston rings.

E. H. SHELDON CO. (EMPLOYING 432)

Working 60 to 70 percent on defense orders. Have both primary and subcontracts for laboratory furniture and mechanical benches for the Army, Air Corps, hospitals, health units, etc. Volume is approximately $550,000.

STANDARD AUTOMOTIVE PARTS CO. (EMPLOYING 156)

Working 60 to 70 percent on subcontracts. Orders are for valve guides for internal combustion engines; also machine keys and parts for gun mounts.

VENTO STEEL SASH CO. (EMPLOYING 99)

Working 60 to 70 percent on subcontracts furnishing industrial windows and some home sash for defense housing.

VICTORY PATTERN CO. (EMPLOYING 10)

Working 80 percent on subcontracts released from Continental Motors Corporation for manifolds and water pump patterns.

WEST MICHIGAN STEEL FOUNDRY CO. (EMPLOYING 347)

Working 80 to 90 percent on defense orders for steel castings under subcontracts.

JOHN WOOD MANUFACTURING CO. (EMPLOYING 570)

Company has defense contracts totaling $1,487,000: 105-millimeter recoil parts for guns, $300,000; radio panels, $30,000; belt filling machines, $1,033,000; 155-millimeter recoil parts, $124,000.

Employment and Man-Hours in Major Industries

EMPLOYMENT IN MAJOR INDUSTRIES

	1936	1937	1938	1939	1940	1941
January	13, 403	16, 125	9, 807	13, 176	16. 782	18, 154
February	13, 060	17, 593	12, 486	13, 537	16, 280	19, 538
March	14, 450	16, 890	13, 325	14, 937	15, 521	20, 884
April	14, 773	17, 093	13, 353	16, 046	15, 723	21, 241
May	14, 101	17, 948	12, 795	15, 377	15, 938	21, 867
June	13, 989	17, 926	11, 765	14, 411	15, 051	22, 604
July	13, 449	17, 126	11, 621	13, 630	15, 590	22, 546
August	14, 094	18, 041	10, 553	14, 033	16, 471	22, 852
September	14, 219	18, 050	12, 052	14, 209	16, 554	------------
October	13, 982	18, 244	11, 986	14. 668	17, 020	------------
November	14, 179	13, 196	12, 237	15, 562	17, 160	------------
December	15, 491	15, 564	12, 616	16, 328	17, 723	------------
Monthly average	14, 099	16, 983	12, 050	14, 660	16, 318	------------

MAN-HOURS OF EMPLOYMENT IN MAJOR INDUSTRIES

January	2, 584, 083	2, 880, 276	1, 386, 346	1, 895, 654	2, 881, 515	3, 230, 203
February	2, 304, 238	3, 039, 711	1, 767, 860	2, 070, 869	2, 462, 548	3, 262, 801
March	2, 705, 140	3, 310. 678	2, 091, 485	2, 596, 682	2, 417, 787	3, 586, 086
April	2, 752. 768	3, 124, 490	1, 699, 652	2. 364, 311	2, 582, 315	3, 858, 185
May	2. 588, 008	3, 198, 967	1, 603, 521	2, 298, 768	2, 383, 989	3, 948, 609
June	2, 351, 683	3, 124, 503	1, 488, 119	2, 152, 841	2, 308, 317	3, 900, 770
July	2, 375. 101	2. 705, 825	1, 280, 123	1, 853, 163	2, 319, 334	3, 974, 050
August	2, 368, 798	2, 810, 389	1, 564, 412	2, 333, 420	2, 773, 075	------------
September	2, 528, 343	2, 786, 321	1, 695, 030	2, 214, 630	2, 579, 321	------------
October	2, 506, 777	2, 728, 444	1, 699, 903	2, 512, 963	2, 879, 217	------------
November	2, 430, 299	2, 040, 402	1, 724, 028	2, 494, 278	2, 632, 999	------------
December	2, 942, 236	2, 023, 558	1, 768, 771	2, 537, 083	2, 905, 045	------------
Monthly average	2, 533, 956	2, 814, 480	1, 647, 438	2, 277, 047	2, 593, 789	------------

Labor Supply and Hiring Policies

Most industries prefer to hire local labor whenever available. In a community of this size, however, whenever employment mounts there is a demand for skilled labor, and shortages are bound to result in specific categories—i. e., welders, tool and die makers, etc.

This necessitates advertising for (and sending an employment scout out for) men possessing these particular skills.

OCCUPATIONAL CLASSIFICATIONS

(Note.—The following data were obtained from our latest wage survey (April 1941), when aggregate employment was approximately 21,241, or 1,611 lower than in August. It covers most of the representative industries, but does not cover all, as certain industries have a policy of refusing to divulge information of this character.)

PRODUCTIVE OCCUPATIONS, MALE

Assembler	1, 390
Boring mill	51
Chippers	142
Cleaners	174
Core assemble, fit file and black	215
Core maker	321
Cupola	163
Drill	143
Electricians	32
Furnace tenders	43
Grinders, precision	167
Grinders, rough	188
Heat treat	165
Helpers	164
Inspectors	889
Laborers	1, 853
Lathe, automatic	152
Lathe, other	190
Lay-out	17
Miscellaneous machine operators	2, 200
Milling machine	89
Molders, heavy machine	413
Molders, job	108
Packer and crater	154
Paint and spray	154
Planer	12
Plating	20
Pourers	97
Punch press	261
Sand blast	54
Screw machine	19
Set-up	57
Shake-out	227
Shaper	6
Shear	10
Sheet metal	24
Structural steel	52
Trimmer	29
Welder, arc	83
Welder, gas	124
Welder, spot	113
Winder	7
Wire room	36
Woodworkers	523
Miscellaneous classifications	816

NONPRODUCTIVE OCCUPATIONS, MALE, MAINTENANCE, SERVICE, ETC.

Apprentices	96
Carpenters	49
Clerks, shop	128
Crane operators	50
Electricians	66
Elevator operators	10
Helpers	32
Janitor and sweeper	100
Laborers	120
Lay-out	5
Machinists	54
Machine repair	125
Millwright	332
Oiler	10
Pattern maker:	
Metal	111
Wood	68
Pipe fitter and plumber	22
Power plant	54
Shipping and receiving	217
Tinsmith	46
Tool crib attendant	43
Tool and die maker	209
Tool grinder	20
Tool room machine operator	160
Truck driver	27
Watchmen	105
Miscellaneous classifications	129

FEMALE CLASSIFICATIONS

Assemblers	924
Core makers	61
Drill press	21
Grinders	23
Inspectors	260
Laborers	154
Lathe	26
Miscellaneous machine operators	480
Milling machine	77
Packers	65
Winders	130
Miscellaneous classifications	307

RECAPITULATION

Total male productive	12, 138
Total male nonproductive	2, 327
Grand total, all male	14, 465
Total female	2, 431
Grand total, all male and female workers	16, 896

UPGRADING, OR TRAINING WITHIN INDUSTRY, IN LOCAL DEFENSE PLANTS

The practice of upgrading or training men for better jobs in the plant is almost universal in Muskegon factories. It is necessitated by times and conditions.

With skilled men unavailable, raw country lads are taken into the plant and trained on the simpler machine operations. Those who show peculiar skill and aptitude are pushed forward as rapidly as they are able to master the use of machines and tools. Many of them show remarkable progress. While it takes years to make a skilled tool and die maker, 6 to 12 months will suffice to convert a new hand into an excellent machine operator, turning out an increasing volume of product each day.

A few of the industries emphasizing this type of upgrading are Continental Motors Corporation, Shaw-Box Crane & Hoist Co., Norge Corporation, Shaw-Walker Co., etc.

HIRING POLICY AS TO AGE, COLOR, AND NATIONALITY

During the depression employers who were hiring labor placed emphasis on youth and marital status. Today these standards are gone. Men possessing particular skills are hired irrespective of age because of shortages in these categories. Of course, the younger man is preferred.

Primary emphasis is placed on freedom from the draft. An employer will prefer to hire a married man with dependents or a worker who has been classified other than I–A by his draft board. Employers don't like to train men for 30 or 60 days and then lose them through induction into Army service.

There is an excellent spirit of cooperation between the two local draft boards and local manufacturers in this respect. There have been virtually no appeals from local boards' decisions on occupational deferment.

There is no prejudice as to color or nationality. Negroes tend to drift to foundry work. Men of Dutch and Scandinavian extraction to the wood- and metal-working industries, respectively. This is probably due to racial aptitude.

LABOR SUPPLY

There is a definite shortage of skilled tool and die makers, welders, tool designers, millwrights, and other men in the higher classifications. As heretofore stated, this shortage is being met through steady upgrading.

There is no concern about the labor supply. A steady stream of men flows down to Muskegon from the northern half of the State seeking jobs. In other words, if the business were available, an expansion of 5,000 employment would imply no serious difficulty, except possibly a temporary housing shortage, compelling migrants to find lodging rather than bringing their families here.

This elasticity, due to the vast reservoir of labor in the northern half of the State, has been characteristic of Muskegon for many years. Situated as we are on the rim of the great Midwest industrial belt, with the ease and convenience given workers of driving home week ends, we find no difficulty in recruiting and holding additional labor whenever same is required.

Exhibit 40.—Overload at Hackley Hospital, Muskegon, Mich.

REPORT BY AMY BEERS, R. N., SUPERINTENDENT, HACKLEY HOSPITAL, MUSKEGON, MICH.

September 5, 1941.

Our facilities are being overtaxed constantly, and we are unable to meet the requests for hospital service. I am unable to state how much of this is due to the migration that is attributed to national defense, but I am enclosing a tabulation showing the population of greater Muskegon and of Muskegon County, and the available hospital beds.

Population and employment, greater Muskegon

	Population of greater Muskegon	Population of county	Factory employment
1930	69, 367	84, 630	15, 716
1933	69, 367	84, 630	7, 899
1940	70, 438	94, 501	16, 318
1941 (first 5 months) [1]	75, 149	97, 500	20, 536
1941 (June) [1]			22, 500

[1] Estimated.

Adult beds of Muskegon hospitals: [1]

Hackley Hospital	101
Mercy Hospital	100
Total	201

[1] Beds for adults and children, but excluding newborn.

Estimating ratio of number of hospital beds per 1,000 poupulation: Five beds per 1,000 population (as set forth by American Hospital Association) Government figure 4.5 per 1,000.

Estimated population of greater Muskegon in 1941, 75,149 would mean 375 hospital beds, or a lack of 175 beds to care for present population.

Daily average load, Hackley Hospital, 1930–41

Census	Daily average adults	Daily average newborn	Daily average out-patients	Daily average total cases	Average length of stay
1930	71.0	12	4.0	87.0	7.4
1931	66.0	12	4.0	82.0	7.4
1932	57.0	10	4.0	71.0	6.9
1933	51.0	9	6.0	66.0	7.0
1934	53.0	7	9.0	69.0	6.9
1935	61.0	9	11.0	81.0	7.5
1936	58.0	9	11.0	78.0	6.9
1937	68.0	11	14.0	93.0	6.9
1938	69.0	11	16.0	96.0	7.0
1939	70.0	11	14.6	95.6	6.9
1940	73.1	12	14.8	99.8	6.8
1941 [1]	78.0	13	17.4	108.4	6.8

[1] First 5 months.

Defense industry employees admitted as patients in Hackley Hospital between Apr. 11 and June 19, 1941

Company and product used in defense	Number of patients	Estimated employment, June 3	Employment, 1929	Employment, 1933
Continental Motors Corporation, airplane engines for both airplanes and tanks	69	3, 141	2, 500	585
Morton Manufacturing Co., horizontal boring, drilling, milling, shaping, planing, and slotting machines	6	170	100	39
Shaw-Box Crane & Hoist Co., electric cranes	14	729	500	117
Campbell Wyant & Cannon Foundry Co., shells	20	2, 221	1, 200	1, 248
Bennett Pumps Division of John Wood Manufacturing Co., gun mounts, artillery parts, shell-loading parts	8	580	325	Down
Anaconda Wire & Cable Co., wire products	14	682	500	451
Brunswick-Balke-Collender Co., Army equipment	17	1, 701	3, 600	977
E. H. Sheldon Co., Army equipment	4	418	280	227
Shaw-Walker Co., office equipment	14	715	800	465
Nelson Tanning Co., tanned sheepskins with the wool on	3	139		
Muskegon Motor Specialties Co., camshafts	9	399	300	107
Sealed Power Corporation, pistons and piston rings	12	858	985	602
38 percent of 500 admissions	190	11, 753	11, 090	4, 818

Hackley Hospital Application for Lanham Act Grant

[Copy]

July 15, 1941

Mr. George W. McCordic,
Regional Director of United States Public Works Administration,
3636 Barlum Tower Building, Detroit, Mich.

Dear Sir: Hackley Hospital of Muskegon, Mich., desiring to avail itself of the provisions of the Community Facilities Act (H. R. 4545, Public Law 137, 1st sess., 77th Cong.) to provide for the acquisition of public works made necessary by the defense program, hereby submits the enclosed application for a grant of $325,000 to come under the authority of the Federal Works Agency of the Public Works Administration, and designated as defense public works.

The forms on which this application is submitted were specifically designated for a public body, and we have adapted them to the requirements of a private institution in order to make this application. We are, therefore, supplementing the information contained in the forms by additional data regarding Hackely Hospital.

Under the terms of said application it is proposed that the local community, by private subscription, and the Federal Government shall jointly participate, on an equal basis, in providing the additional facilities required at Hackley Hospital. The aggregate cost of said project is estimated at $650,000, of which it is proposed that the Federal Government shall pay one-half, or $325,000, conditioned on the local community contributing a like sum.

I. FEDERAL PARTICIPATION JUSTIFIED

Participation by the Federal Government in the amount indicated is justified by the following considerations:

(1) Greater Muskegon, comprising the three municipalities of Muskegon, Muskegon Heights, and North Muskegon, and their immediate and continuously urbanized environs, forming a community of approximately 75,000 people, is a principal "defense area," because of the nature, character, and volume of its industrial production flowing into the national defense effort.

(2) A recent survey made by Defense Housing Authority, in scheduling tenancies for a local defense housing project now nearing completion, reveals 19,500 eligibles for defense housing quarters, based on their employment in national defense work, out of an aggregate factory employment of approximately 22,500.

(3) A recent Detroit News survey reveals that Muskegon industries have been awarded an aggregate of $63,431,574 in direct Government contracts in the national defense program. Subcontracts held by local industries will aggregate at least 50 percent of this sum.

(4) Aggregate industrial production for 1941 in the Muskegon area is estimated by Greater Muskegon Chamber of Commerce at not less than $120,000,000 and possibly $140,000,000, based on the first 6 months of the year. Of this amount, it is estimated at least 60 percent and possibly 67 percent is on Government account, directly and indirectly.

(5) Prime contractors dealing directly with the United States Government and/or British Purchasing Commission are:

(*a*) Continental Motors Corporation: Airplane engines for both airplanes and tanks, truck motors, et al.

(*b*) Morton Manufacturing Co.: Machine tools, including horizontal boring, drilling, milling, shaping, planning and slotting machines.

(*c*) Shaw-Box Crane & Hoist Co.: Electric cranes and hoists, United States navy yards; United States Ordinance Bureau.

(*d*) Campbell, Wyant & Cannon Foundry Co.: Steel and steel treads for tanks, shells and other steel products, automotive castings.

(*e*) Bennett Pumps division of John Wood Manufacturing Co.: Gun mounts, artillery parts, shell-loading parts.

(*f*) Anaconda Wire & Cable Co.: Wire products.

(*g*) Brunswick-Balke-Collender Co.: Army Quartermaster Corps equipment.

(*h*) E. H. Sheldon Co.: Army equipment.

(*j*) Shaw-Walker Co.: Office equipment.

(*k*) Nelson Tanning Co.: Tanned sheepskins with the wool on.

(*l*) Muskegon Motor Specialties Co.: Camshafts.

(*m*) Sealed Power Corporation: Pistons and piston rings.

(*n*) Kaydon Engineering Corporation: Antiaircraft gun bearings (U. S. Navy).

(*o*) Accuralite Co.: Piston pins and sleeves.

(*p*) Amazon Knitting Co.: Cotton shirts.

(*q*) Central Paper Co.: Waterproof paper.

(*r*) Standard Automotive Parts: Valve guides and machine keys.

(*s*) Sargent Specialty & Machine Co.: Supplies Quartermaster Corps.

(*t*) Borg-Warner Corporation (Norge division): Supplies Quartermaster Corps, United States Navy, etc.

(6) Other indices indicating the upward trend in employment, et al., due to national defense work placed with Muskegon industries are:

(*a*) Employment in major industries has increased from a monthly average of 12,050 in 1938 to 22,453 in June 1941.

(*b*) Man-hours of employment have increased from a monthly average of 1,647,438 in 1938 to 3,948,609 in May 1941 (last available figure).

(*c*) Debits to individual bank accounts have increased from a monthly average of $12,457,744 in 1938 to $22,655,341 in June 1941.

(*d*) Electric kilowatt-hour consumption has increased from a monthly average of 6,467,770 in 1938 to 11,384,095 in June 1941.

(*e*) Carloads received and forwarded have increased from 3,418 in June 1940 to 4,277 in June 1941.

(7) Despite the fact that private home construction has doubled since 1939 (increasing from 350 dwellings in 1939 to approximately 750 dwellings in 1941, according to a survey made by Muskegon Federal Building and Loan Association), Defense Housing Coordinator is now erecting 300 homes for defense workers in Muskegon area, at a cost of $1,017,000.

(8) A recent study of 500 admissions over an approximate 2-month period of time reveals the fact that 36 percent of the admissions were of workers or dependents of workers employed in industries working directly on defense contracts. This makes no allowance for industries employed on subcontracts, nor for the growth of service establishments resultant from increased industrial activity.

(9) As a result of the increased industrial activity Hackley Hospital is wholly unequal to meeting the demands for hospital service placed upon it. During the past 6 months an average of 37.5 patients per month have been unable to obtain the service they requested from the hospital. A substantial percentage of these were unable to obtain admission at all. This by no means covers the list of those whom the hospital might have served, since local physicians thoroughly acquainted from day to day with the existing congestion have either referred patients elsewhere when hospital service was required, or have made arrangements to service their patients at the latter's homes.

We submit herewith our record of the number of patients per month since September 1940 who have been denied their requests for services. Note the steady upward trend:

Month:	*Number of patients*
September 1940	16
October 1940	26
November 1940	20
December 1940	8
January 1941	55
February 1941	25
March 1941	33
April 1941	37
May 1941	33
June 1941 [1]	42

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[1] Average for 1941 to June 30, 37.5 patients.

II. HISTORICAL

Hackley Hospital was founded by a deed in trust on May 28, 1903, given by Charles H. Hackley and Julia E. Hackley, his wife. The trust has been carried on as a nonprofit corporation in the State of Michigan, and is known as Hackley Hospital. After Mr. Hackley's death, and under the terms of his will, an endowment fund of $500,000 was provided, and the hospital has operated as a charitable institution since it opened its doors in 1904.

Under the terms of the original grant, the board of trustees of Hackley Hospital are not authorized to mortgage, lease, or encumber in any manner the land or building provided by Mr. Hackley. At the time of Mr. Hackley's gift there was no other hospital in the community, and the hospital has served in the place of a municipal hospital during these years without any burden on the community. About the same time a Catholic institution under the supervision of the Sisters of Mercy was established, and has also operated in the community and is known as the Mercy Hospital. There is an understanding with this hospital that Hackley Hospital has a priority claim on local contributions for a building fund. No tax has ever been levied in Muskegon for hospital purposes, although the hospital has by arrangement with the public authorities taken care of the indigent sick since its establishment.

The original hospital building was constructed as a 60-bed institution, but has been expanded to 101 adult and children beds by interior changes and only a minor change in construction; namely, a temporary wooden addition for a small number of children's beds.

In the community of Greater Muskegon, which consists of Muskegon, Muskegon Heights, and North Muskegon, there being no city or county hospital, the two local hospitals have handled all welfare and indigent cases. The cases which have not been paid for by the city or county have been handled by the endowment funds in the case of Hackley Hospital. Since its establishment the hospital, originally started as a $200,000 building, has grown to a $1,000,000 investment and there have been numerous improvements which have been paid for through the operating earnings of the hospital and of the endowment. Some of these improvements are as follows:

Ground improvement	$13, 754. 96
Hospital building	11, 105. 35
Nurses' home building	93, 892. 37
Faculty residence	21, 201. 92
Radium	7, 500. 00
Hospital equipment	38, 129. 52
Nurses' home furniture and fixtures	11, 808. 30
Faculty residence furniture and fixtures	2, 061. 25
Laboratory and X-ray equipment	$28, 565. 87
Laundry equipment	4, 072. 97
Medical and surgical equipment	2, 847. 50
Dietary equipment	2, 429. 54
Office	1, 653. 11
Total	239, 022. 86

While the deed and trust provided for the election of trustees by the trustees of the First Congregational Church, Mr. Hackley expressly instructed that "in the selection of trustees for the program administration of the hospital, you should be at liberty to include individuals outside of your society, whose advice, services, or cooperation might be desirable. While it is my purpose to establish an endowment toward the support of the hospital, it will not be a large one, for I want the members of your society and the people of our city to feel that each has a personal interest in the maintenance of the institution, in making it an efficient and ever-ready agency for the relief of the sick and the suffering." In harmony with this request, it has been the aim of the institution never to refuse service to any persons requesting service when there has been an available bed.

The hospital has always conducted its affairs so that it has operated within its income, and except for temporary borrowings to finance an improvement, the hospital has never owed any money except current monthly bills. At the present time, the hospital has no indebtedness except current accounts, and it has been the policy of the hospital to increase its services from its surplus earnings, as well as operate at as low a rate as possible in order to make these services available to everyone. Occasionally some gifts have been made to the hospital which have been used for charitable purposes unless a specific gift was made for definite improvement.

III. CURRENT SITUATION

In the latter part of 1939, the increased activity of local industries, resulting in an increase in population, was reflected in the crowded conditions in the hospital. This was due primarily to the major activities of the Continental Motors Corporation on orders placed with them by the British Purchasing Commission. At that time, the hospital board made a study of the situation and inaugurated plans for the enlargement of its present building. Since that time, the situation in the community has become more acute, and the original plans for a 50-bed addition now must be changed to provide for at least 115 additional beds. In support of the above statement, we have submitted a schedule on Form 500–D, part A.

Our original plan for enlargement contemplated a campaign in the community for a fund of $300,000 to be provided by local industries, and public spirited individuals. Because the national emergency, reflected in the increased activities of our industries, imposed an unanticipated burden on our hospital, we have now adjusted our plans and propose a joint project by the community and the Federal Government. Consequently we are applying to you for a direct grant in an amount sufficient to construct accommodations to care for patients brought into the community by defense activities.

In conclusion, we call your attention to the fact that Hackley Hospital is located on a large tract of ground comprising four city blocks, and is ideally situated for an enlargement by the proposed addition. Studies made by our very competent hospital architect, Carl Erikson, of the firm of Schmidt, Garden & Erikson, show this addition can be effected at a minimum cost for construction. Much of the overhead can be absorbed, and the additional work can be done by simply enlarging the present staff of the hospital. In order to make a prompt application, we are submitting sketches of our proposed addition, which we are prepared to change to conform to Government requirements.

We respectfully call your attention to the fact that the District Director, United States Public Health Service District No. 3, was instructed to make a hospital survey at Muskegon to determine the needs for additional beds that may be provided by funds from the Communities Facilities Act. This survey was made on June 19, 1941, by Dr. L. O. Weldon, medical director, United States Public Health Service, liaison officer, Sixth Army Corps Area. Dr. Weldon advised us that he was impressed with the acute local need for additional hospital facilities. We are informed his report is on file with the proper authorities, and you may desire to consult it in connection with this application. We will be pleased to supply you any further data which may facilitate action on order that we may proceed promptly to the solution of a very acute hospital problem.

IV. WHY GRANT IS REQUESTED

Your local representative, Mr. Watkins, raised the question, "Why isn't application made for a loan rather than a grant?"

May we point out in the first instance that both local hospitals (Hackley and Mercy) are chartered as nonprofit corporations under the laws of Michigan and render a charitable service. Hackley Hospital has never operated at a profit; never expects to. Part of its income is derived from the community chest, but this income represents only a small fraction of the cost of services it renders gratis to indigents and individuals in the lower income brackets.

Secondly, it should be pointed out that since its founding every dollar of investment that has been made in the hospital has been contributed from public sources. The original gift which established the hospital came from Muskegon's great philanthropist, Charles H. Hackley, long since deceased. Since that time other individuals have contributed. Earnings from the endowment fund which Mr. Hackley created have been plowed back into the institution. In other words, the rates charged (and the same is true in Mercy Hospital) are based on the service-at-cost principle, with costs held to an absolute minimum.

In this new project the local community is once more asked to provide the funds necessary for a capital investment by a donation and not a loan. No contributor expects to realize a penny from his subscription. With the local community meeting the needs of the natural growth of the city, we think it is only fair and proper that the Federal Government, which has superimposed the defense effort upon our ordinary volume of business, increased factory employment, by 50 percent, and brought in a large volume of migrant labor, should participate on the same basis as local citizens in providing the necessary physical facilities so that Hackley Hospital can render the services which the community expects of an institution of this character.

Very truly yours,

Harold McB. Thurston.

Exhibit 41.—Defense Housing in Muskegon, Mich.

REPORT BY EUGENE A. KRAUSS, HOUSING MANAGER, DEFENSE HOUSING DIVISION OF FEDERAL WORKS AGENCY, MUSKEGON, MICH.

September 18, 1941.

Based on information taken from our applications for dwellings in the defense-housing project, we have compiled the following figures:

Total number of applications received to Sept. 15	208
Total number of out-of-city, but within-the-State applicants	91
Total number of out-State applicants	29
Canadian applicant	1
Average weekly earnings of applicants	$29.06

(This includes a number of monthly salaried employees—salaries ranging from $170 to $235.)

[Accompanying the above statement was the following correspondence and statistical material:]

RATIONING OF DEFENSE HOUSING AMONG MUSKEGON INDUSTRIES

[Copy of memo]

To: Sherwood L. Reeder, assistant director of defense housing.
From: Eugene A. Krauss, housing manager.
Subject: Recommendation, as requested July 10, 1941, regarding defense industries in Greater Muskegon.

JULY 18, 1941.

The Continental Motors, with some $63,000,000 to $65,000,000 defense orders to date in this area, is, of course, the foremost defense industry here; to pick the others is difficult.

Actually, so far, one-third of our applicants work at Continental Motors; present guess is that possibly from one-third to (not to exceed) one-half of our tenants should be Continental employees.

About 70 percent of the workers in this area are engaged in defense work in whole or in part; 16,000 workers are in this category.

You will find listed below (*a*) industries employing the bulk of the defense workers, and (*b*) smaller defense industries.

Total number of employees in major defense industries in Muskegon, and average pay

Name of firm	Number of employees	Number employed on defense work	Average pay	Direct or indirect defense work
Accuralite Co	285	285	$33.60	Direct.
Amazon Knitting Co	700	140	18.00	Do.
American Coil Spring	172	60	30.00	Do.
Anaconda Wire & Cable	700	(2)	30.00	(2)
Brunswick-Balke-Collander	2,050	289	35.00	Direct.
Campbell, Wyant & Cannon	2,500	750	30.00	Do.
Continental Motors [1]	3,500	2,100	26.40	Do.
Lakey Foundry	1,439	1,439	34.00	Indirect.
Lyons Machine Tool	103	88	40.00	Do.
Morton Manufacturing Co	185	185	27.00	Direct.
Muskegon Motor Specialty	480	360	39.00	Indirect.
Sealed Power Corporation	961	290	35.00	Do.
Shaw Box Crane & Hoist	700	700	30.00	Direct.
E. H. Sheldon	425	298	28.00	Do.
West Michigan Steel Foundry	466	419	30.00	Indirect.
John Wood Manufacturing Co	500	450	33.00	Direct.

[1] Above estimates of average earnings for 40 hours were made by the various personnel men. Actual earnings as reported so far by Continental applicants indicates a somewhat higher figure, closer to the average weighted amount of $29.48.

[2] Unreported.

Total number of employees in smaller defense industries in Muskegon, and average pay

Name of firm	Number of employees	Number employed on defense work	Average pay	Direct or indirect defense work
Agerstrand Corporation	54	26	$26.00	Indirect.
Air Control Products	97	20	28.00	Do.
Brickner & Kropf	76	71	40.00	Do.
Clarke Sanding Machine	50	50	28.00	Do.
Clover Foundry	74	37	25.00	Do.
Economy Tool	21	(1)	38.00	(1)
Fitzjohn Coach	160	64	36.00	Indirect.
Kayden Bearing Co [1]	(2)	(1)	(1)	(1)
Madison Manufacturing Co	25	23	31.00	Indirect.
Midwest Machine & Manufacturing	55	(1)	44.00	(1)
Montague Castings Co	164	(1)	25.20	(1)
Muskegon Aluminum Foundry	55	38	30.00	Indirect.
Muskegon Boiler Works	23	20	28.00	Do.
Muskegon Pattern Works	20	(1)	43.00	(1)
Muskegon Piston Ring	287	9	36.00	Indirect.
Muskegon Screw Works	65	32	25.00	Do.
Muskegon Tool & Die	12	(1)	(1)	(1)
Nelson Tanning Co	152	76	27.00	Direct.
Pyle Pattern & Manufacturing	109	99	30.00	Indirect.
Quality Aluminum Castings	23	13	30.00	Do.
Sargent Specialty Machine	20	11	30.00	Do.
Standard Automotive Parts	161	100	30.00	Do.
Standard Pattern Works	24	15	50.00	Do.
Steel Fabricating Co	29	29	32.00	Do.
Vento Steel Products	99	33	28.00	Do.

[1] Unreported.
[2] New industry.

Credit is due Clyde Hester, of Michigan State Employment Service, for supplying names of most of above factories employing defense workers. I obtained these figures in a 2-week period from June 16 to June 30.

The large majority of Muskegon factories are engaged in indirect defense work; only eight factories in group (*a*), page 1, and four factories in group (*b*) have direct defense contracts.

My citizens' committee, purely advisory of course, is considering, at my suggestion, the rationing of applicants who could be accepted from any local defense industry. The amount of defense orders as in the case of the Continental Motors is obviously important. To take the percentage of local defense orders as the percentage of tenants to be admitted from that industry would, however, work a hardship on other applicants, worthy in all other respects, and would pack the project with Continental workers.

APPLICATIONS FOR HOUSING FROM VARIOUS INCOME GROUPS

[Inter-office memorandum]

FEDERAL WORKS AGENCY,
Washington, August 30, 1941.

To: Albert J. Horn, Supervisor Area No. 3.
From: Eugene A. Krauss, Housing Manager, Muskegon, Mich.
Subject: In re Telegram from William A. Ziegler, Assistant Chief, Direct Management.

Income groups to August 30, 1941 [*and applications for housing*]

Annual income:	*Applications*
Under $1,200	57
$1,200 to $1,500	41
$1,500 to $1,800	41
$1,800 to $2,100	13
$2,100 to $2,400	13
Over $2,400	6
Total	171

Shelter rents paid elsewhere prior to application

Annual income	Minimum	Maximum	Weighted average
Under $1,200	$5.00	$40.00	$22.00
$1,200 to $1,500	5.00	48.00	23.62
$1,500 to $1,800	5.00	54.00	22.48
$1,800 to $2,100	9.00	22.00	15.71
$2,100 to $2,400	16.00	40.00	25.00
Over $2,400	18.00	30.00	24.00

DEFENSE HOUSING DIVISION OF FEDERAL WORKS AGENCY,
INDUSTRIAL DEFENSE HOUSING,
Muskegon, Mich., August 15, 1941.

MR. JACK B. BURKE,
Detroit, Mich.

DEAR MR. BURKE: In response to your letter of August 11 asking for a list of "points of origin" of the applicants for housing, we are enclosing a list taken from the first 115 applications received.

Truly yours,

EUGENE A. KRAUSS, *Housing Manager.*

LISTS OF POINTS OF ORIGIN TAKEN FROM FIRST 150 APPLICATIONS

Newberry, Mich.
Frankfort, Mich.
Grand Rapids, Mich.
Woodville, Wis.
Beulah, Mich.
Scottville, Mich.
Roslyn. N. Y.
Benzonia, Mich.
Union City, Tenn.
Grand Haven, Mich.
Lake City, Mich.
Ionia, Mich.
Shelby, Mich.
Bay City, Mich.
Lansing, Mich.
Escanaba, Mich.
Petosky, Mich.
Wilson, Wis.
Copenmish, Mich.
Wakefield, Mich.
Whitehall, Mich.
Amasa, Mich.
Tiptonville, Tenn.
Allegan, Mich.
Hudsonville, Mich.
Milwaukee, Wis.
Hart, Mich.
Holland, Mich.
Wellston, Mich.
Bernie, Mo.
Nunica, Mich.
Ludington, Mich.
Gladstone, Mich.
Portland, Oreg.
Sault Ste. Marie, Mich.
Marne, Mich.
Cambridge, Ohio
Kalamazoo, Mich.
Austin, Tex.
Hesperia, Mich.
Brethren, Mich.
Greenville, Mich.
Sparta, Mich.
South Haven, Mich.
McNeil, Ark.
Martinton, Ill.
Traverse City, Mich.
Ishpeming, Mich.

SURVEY OF RENTAL CHANGES IN MUSKEGON, MICH.

JUNE 12, 1941.

About one-sixth (16.8 percent) of the residential rents in Muskegon, Mich., increased between March 1940 and May 1941, according to a sample survey made by the Work Projects Administration Division of Research in cooperation with local Work Projects Administration offices. For units which had increases in monthly rent the average rise was $3.99; such increases added more than $2,600 to the monthly rent bill paid by Muskegon tenants.

The survey, made at the request of the Office of Price Administration and Civilian Supply, shows that among dwellings which were rental units both in March 1940 and in May 1941 rent costs rose 2.6 percent, from an average of $21.48 to an average of $22.04. About 2.9 percent of the rental units had decreases in rent during the 14-month period.

The average rent for all rental units in the city in May 1941—including those which were not rental units in March 1940 and those for which the 1940 rent could not be obtained—was $22.31.

Both the frequency and average amounts of rent increases were high where (1) the occupants had changed or (2) the landlord had made changes in the structure or in conveniences included in the rent.

Of every 100 rental units with—	This number had rent increases—	Which averaged—
The same tenants	12	$3.80
Different tenants	30	4.20
No change in structure or conveniences	15	3.80
Changes in structure or conveniences	49	5.10

Increases occurred more frequently in cheaper rent districts than more expensive sections; while average amounts of the increases were progressively larger from the lower to the higher brackets. Relative to rents paid in March 1940, however, tenants in the lower brackets had much higher proportionate increases. Units not fully comparable because of changes in structure or conveniences have been eliminated from the following table.

March 1940 rent group	Percentage of units having rent increases	Average rent, March 1940, all units	Average increase for units having increases	
			Amount	Percent
Less than $15	20	$10.70	$3.20	30
$15 to $24.99	17	18.40	3.70	20
$25 and more	11	31.60	4.80	15

The rent group under $15 a month included 20 percent, the group of $25 and more included 35 percent, and the middle group included 45 percent of the rental units in March 1940.

The survey in Muskegon was an enumeration of every third dwelling unit throughout the city, of which two-fifths were rental units in May 1941. Included in the estimated total of 5,500 rental units were about 400 units added during the period; about 40 by new construction, 80 by conversion of old structures, and 280 by change from owner occupancy. These were not all net additions since some may have taken the place of other rental units. The average rent of the added units, $25.80 was about $3.50 higher than the average for all rental units.

About seven-tenths of the old rental units were occupied by the same tenants throughout the 14 months; and the remainder were either occupied by different tenants or were unoccupied at the end of the period.

Changes in structure, facilities, or in service items included in the rent had been made by landlords in about 5 percent of the old rental dwellings. Such changes were more frequent in units where the tenant had changed than in units occupied by the same tenants.

Federal Works Agency,
Work Projects Administration,
Division of Research.

Additional School Needs in Muskegon

[Interoffice memorandum]

Federal Works Agency,
Washington, September 22, 1941.

To: Albert J. Horn, supervisor, area No. 3.
From: Eugene A. Krauss, housing manager, Muskegon, Mich.
Subject: Public Works Administration grant No. MICH. 20–132 for addition to Glenside School.

I have a letter from Township Supervisor, Joseph F. Cihak, Jr., copy of which is attached. I had requested this because of the bearing it might have on out township Public Works Administration application for an addition to Glenside School.

I agree with Mr. Cihak that about 70 percent of Muskegon's industrial population are engaged either directly or indirectly in defense activity and therefore some 80 defense workers in this area in addition to the 300 families on the project will require school facilities for their children.

If there is any additional information you might desire that might be helpful in bringing about a favorable decision regarding the application for the addition to the Glenside School, we would appreciate it very much.

[Interoffice memorandum]

FEDERAL WORKS AGENCY,
Washington, September 3, 1941.

To: Albert J. Horn, supervisor, area No. 3.
From: Eugene A. Krauss, housing manager, Muskegon, Mich.
Subject: Consumers' Services—Addition to Glenside school, Muskegon Township, confirming telephone conversation, September 3, 1941, with Phil Wagner, liasion and management, area No. 3.

I have been informed that the Detroit area office of Public Works Administration last week submitted to Washington for consideration local township board's request for addition to the Glenside School consisting of some 15 rooms and to cost in the neighborhood of $400,000. In its present form application includes auditorium and gymnasium. Same was not part of my recommendation to the school board as I am more concerned with the basic need for education. In my opinion a 12-room addition is an irreducible minimum and the 15-room addition asked for is not out of line.

Whatever can be done to facilitate this much needed consumers' service with or without an auditorium and gymnasium would be greatly appreciated by the tenants in and applicants for housing in the project.

[Copy]

AUGUST 21, 1941.

Mr. EUGENE KRAUSS,
Federal Housing Project,
Hackley Avenue, Muskegon, Mich.

DEAR MR. KRAUSS: We have made applications through the Public Works Administration for a grant to erect a school building directly across from the Federal housing project to care for the children from the project. It is my understanding that we may expect between 400 and 450 children from these apartments to enroll in our school sometime early this fall. The school board of Muskegon Township, school district No. 1 would certainly appreciate any effort the Federal Housing Authority might put forth to facilitate our securing this grant from the Federal Government. We feel, and I am certain that you feel the urgency of this situation. Without this grant from the Federal Government it is going to be physically impossible for us to adequately and satisfactorily educate the children from school district No. 1 which now includes the Federal housing project. It would be my opinion that without satisfactory school facilities in the district, you are going to find a serious problem in renting the apartments that you have available.

Because our success or failure in securing this Federal grant for a school is of such vital concern, I am writing you to inform you that we have made this request and to date have received no commitments regarding it. Anything you may do to help us in this matter will be appreciated.

Sincerely yours,

M. N. MCILWAIN,
President of the Board of Education,
Muskegon Township, School District No. 1.

[Copy of memo]

DEFENSE HOUSING DIVISION OF FEDERAL WORKS AGENCY,
INDUSTRIAL DEFENSE HOUSING,
Muskegon, Mich., July 14, 1941.

To: Sherwood L. Reeder, assistant director of defense housing.
From: Eugene A. Krauss, housing manager, Muskegon, Mich.
Subject: Construction of schools under H. R. 4545.

Several night sessions and day conferences with Muskegon Township school board, together with Watkins, local Public Works Administration representative, James Ten Brink, commissioner of schools, and others.

Mr. Ten Brink came in early July 1, 1941, quite perturbed because June 30, 1941, story in Muskegon Chronicle gave him the impression that a recreation center only would be built, which, from previous contact, he had gathered this had been the judgment of Mr. Moore of the Washington Office of Education. Got him straightened out.

Copies attached, showing his letter to Mr. Norman Borgesen and clipping later the same day. School is more important, in my opinion, than recreation center. A local architect, Edwin Valentine, is drawing sketches of a 15-room addition to Glenside School. Got contractor Dattner to let one of his men make a survey of school grounds to help Mr. Valentine. The application to Public Works Administration for same will follow.

I suggested an underpass under road for safety of our children going to school.

Should Public Works Administration object to the cost (they are trying to get a long-desired gymnasium and meeting hall as well as school addition at this time, sensing a golden opportunity), I suggested they consider coming directly across the street to put a community center at lower cubic-foot cost in what is now set up as a commercial area on project, if that is permissible. If built across the street on school ground, the auditorium would be of brick, but might cause the cost to run too high thereby.

Kindergarten and nursery included in the contemplated 15-room addition. Many widows work. Frequently both parents work, unlike United States Housing Authority experience.

Double shift contemplated at Glenside until and if above addition is O. K.'d and built by say, December of this year. Glenside has been growing and that, together with project children makes double shift the lesser of two evils, preferable to transportation of pupils to Muskegon schools. That is, looking from the eyes of Muskegon Township and of Mr. Ten Brink, because it must be admitted there is a lot of jealousy between the city and county. City has 17 vacant classrooms within a mile and a quarter or so, but under circumstances shouldn't be used. Mr. McIlwain, township board member as well as personnel man at John Wood Manufacturing Co. and president of personnel men's association contends city might take pupils for a while and later dump them all back in lap of the township; he and the rest feel that now is the chance to get additional rooms for school, even although payment in lieu of taxes is inadequate.

Building Activity in Muskegon Township

[Copy]

Muskegon Township,
Muskegon County, Mich., August 11, 1941.

Mr. Eugene A. Krauss,
Manager of Defense Housing,
Muskegon, Mich.

Dear Mr. Krauss: Muskegon Township reports the following building activity for the first 7 months of 1941: 117 new houses with a permit value of $207,512..

We believe this tremendous building activity which is increasing month by month is due to the defense activity in the Greater Muskegon area. Our estimate is that 70 percent of Muskegon's industrial population are engaged either directly or indirectly in defense activity.

Very truly yours,

Joseph F. Cihak, Jr.

RECREATION

[Interoffice memorandum]

Federal Works Agency,
Washington, September 3, 1941.

To: Albert J. Horn, supervisor, area No. 3.
From: Eugene A. Krauss, housing manager, Muskegon, Mich.
Subject: Consumers' Services—Recreation. Confirming telephone conversation, September 3, 1941, with Phil Wagner, liaison and management, area No. 3.

Although not nearly as important as the other consumers' services noted in letters of this date such as addition to Glenside School across the street and decision as to the use of the so-called commercial area, I would like to be advised as to the possibilities of recreation as outlined in the good letter dictated by Joseph S. Niles and signed by myself dated August 25.

[Interoffice memorandum]

Federal Works Agency,
Washington, September 3, 1941.

To: Albert J. Horn, supervisor, area No. 3.
From: Eugene A. Krauss, housing manager, Mich. 20031, Muskegon, Mich.
Subject: Consumers' Services—Commercial area. Confirming telephone conversation, September 3, 1941, with Phil Wagner, liaison and management, area No. 3.

To revise my letter of August 21 to the effect that if area now shown on plan as "Commercial area" is not to be used for commercial purposes, suggest that it be used as a park area, inexpensively shrubbed and planted with grass seed.

You have in your files a letter from Omar P. Stelle, president, Real Estate Exchange Corporation, Muskegon, Mich., dated May 6, 1941, expressing a desire to build a commercial building directly across from the project if he is assured the so-called commercial area shown on the plans will not be actually so used. He has spoken several times to me on the above subject and while I hold no brief personally for him nor for any other individual who might want to put up a structure in the vicinity of the project, I feel it advisable to have an early decision as to whether or not the commercial area is to be retained.

Please advise if commercial area is not to be retained, as to the alternate use of the area.

Exhibit 42.—Housing Data and School Census of Muskegon County, Mich.

REPORT BY JAMES TEN BRINK, SUPERINTENDENT OF MUSKEGON COUNTY PUBLIC SCHOOLS, MUSKEGON, MICH.

August 7, 1941.

MUSKEGON TOWNSHIP, DISTRICT NO. 1

Three hundred new dwelling units are under construction here on the Government reservation.

An increased school enrollment of 450 children is anticipated.

Fifty new homes have been erected or are under construction in this area. Erection by private individuals.

School census: 1939, 701; 1940, 700; 1941, 687.

MUSKEGON TOWNSHIP, DISTRICT NO. 11

Building data: 1939, 27 new homes at a cost of $27,665; 1940, 40 new homes at a cost of $40,587; 1941, 11 new homes at a cost of $11,525.

School census: 1939, 246; 1940, 256; 1941, 291.

MUSKEGON TOWNSHIP DISTRICT NO. 8

Building data: 1939, 11 new homes at a cost of $5,290; 1940, 18 new homes at a cost of $10,507; 1941, 6 new homes at a cost of $8,030.

School census: 1939, 128; 1940, 168; 1941, 223.

MUSKEGON TOWNSHIP DISTRICT NO. 9

Building data: 1939, 7 new homes at a cost of $9,735; 1940, 31 new homes at a cost of $24,504; 1941, 27 new homes at a cost of $21,757.

School census: 1939, 99; 1940, 99; 1941, 121.

FRUITPORT TOWNSHIP, DISTRICT NO. 5

Building data: 1939, 19 new homes; 1940, 28 new homes; 1941, 21 new homes.

School census: 1939, 187; 1940, 217; 1941, 264.

EGELSTON TOWNSHIP, DISTRICT NO. 1

Building data: 1939, 5; 1940, 46; 1941, 86.
School census: 1939, 202; 1940, 271; 1941, 308.

EGELSTON TOWNSHIP, DISTRICT NO. 4

Building data: 1939, 39; 1940, 39; 1941, 38.
School census: 1939, 123; 1940, 134; 1941, 143.

NORTON TOWNSHIP, DISTRICT NO. 2

Building data: 1939, 25; 1940, 27; 1941, 56.
School census: 1939, 295; 1940, 297; 1941, 352.

NORTON TOWNSHIP, DISTRICT NO. 3

Building data: 1939, 20; 1940, 27; 1941, 32.
School census: 1939, 235; 1940, 269; 1941, 293.

NORTON TOWNSHIP, DISTRICT NO. 5

Building data (estimated): 1939, 8; 1940, 10; 1941, 7.
School census: 1939, 168; 1940, 149; 1941, 167.

NORTON TOWNSHIP, DISTRICT NO. 6–F

Building data: 1939, 40; 1940, 65; 1941, 50.
School census: 1939, 233; 1940, 277; 1941, 378.

MUSKEGON TOWNSHIP, DISTRICT NO. 6–F

Building data: (No data available).
School census: 1939, 100; 1940, 99; 1941, 109.

LAKETON TOWNSHIP, DISTRICT NO. 3

Building data: (No data available).
School census: 1939, 104; 1940, 94; 1941, 99.

LAKETON TOWNSHIP, DISTRICT NO. 7–F

Building data: (No data available).
School census: 1939, 79; 1940, 86; 1941, 82.

EXHIBIT 43.—DEFENSE EMPLOYMENT IN KALAMAZOO, MICH.

KALAMAZOO CHAMBER OF COMMERCE,
Kalamazoo, Mich., July 9, 1941.

DR. PAUL SANGREN,
President, Western Michigan College,
Kalamazoo, Mich.

DEAR MR. SANGREN: In response to your request that I accumulate information concerning industrial defense production, I state that I have telephoned responsible persons in the following firms and show by table their answers:

Firm	Number employees July 1940	Number employees July 1941	Percent man-hours on defense
Dutton Co	66	100	35
Fuller Manufacturing Co	341	515	50
Checker Cab Manufacturing	684	436	11
Clarage Fan	201	380	80
Allen Electrical & Equipment	103	140	[1] 10 and 15
Shakespeare Co	293	600	22
General Gas Light	225	185	[2] 15
Atlas Press Co	300	400	85
Martinson Machine	20	20	95
Ingersoll Steel & Disc	250	350	20
Kalamazoo Stamping & Die	30	40	70
U. S. Foundry	80	120	30
Bowers Tool & Die	18	33	90
Reed Foundry	75	138	75
Star Brass	5	60	20
Riverside Foundry	105	140	75
Globe Pattern	4	4	50
Kalamazoo Foundry	60	60	5
Kalamazoo Screw Products	17	28	55
Kalamazoo Railway Supply [3]	50	80	75

[1] To National Youth Administration and Civilian Conservation Corps schools for instruction.
[2] Serving other defense industries; no priority.
[3] Estimated.

Kalamazoo Stove & Furnace Co. has had some defense business; not now active, but trying to get more.

This sums up to be the equivalent of about 1,780 employees on defense work. There are undoubtedly some more, but detecting where they are is difficult.

Very truly yours,

Kalamazoo Chamber of Commerce,
By E. S. Weber, *General Manager.*

Exhibit 44.—Nondefense Industrial Problem in Muncie, Ind.

REPORT BY LESTER C. BUSH, MANAGER, MUNCIE CHAMBER OF COMMERCE, INC., MUNCIE, IND.

August 19, 1941.

Our estimate that from 8,000 to 10,000 people would be thrown out of work in case the Henderson plan is made fully effective, is probably low. Fact is that unless defense business in sufficient quantity is given our local manufacturers, in the event of effectiveness of the Henderson plan, Muncie and its business life would be seriously and disastrously affected, and employment here would be at an exceedingly low figure.

As we point out in letters, etc., attached, since January 1, and until August 1, Muncie industries have had about $10,000,000 worth of prime and subcontract business, all of a total of $85,000,000 which is the average rate of manufactured production now, considered upon an annual basis. Therefore, you can readily see that curtailment of nondefense business here would practically put us out of business.

All we ask for is replacement of nondefense business with defense orders, to keep our factories in operation and our employees at work. Any other course would be ruinous to us.

(Accompanying the above report were the following enclosures:)

Office of Production Management,
Washington, D. C., August 13, 1941.

Mr. Lester C. Bush,
Secretary, Cooperative Committee of Muncie, Ind.

Dear Mr. Bush: Your letter of July 28 addressed to Hon. Harry Hopkins has been referred to me for reply.

Various members of my staff have already conferred with representatives of the workers at the Warner gear plant. We are giving every consideration to this situation in Muncie, which has been called to our attention. We will endeavor to secure, insofar as possible, defense contracts or subcontracts for those companies which are forced to curtail production because of priorities on strategic materials.

We would appreciate your sending us as soon as possible a list of the various industries in Muncie, showing the number of workers employed in each plant. We should also like to know the approximate number of workers which may be laid off because of materials shortages. In addition, we should like to have a detailed statement of the various raw materials which industries in your community have been unable to secure or will be unable to secure in the near future.

Sincerely yours,

J. Douglas Brown,
Chief, Priorities Branch, Labor Division.

Muncie Chamber of Commerce, Inc.,
Muncie, Ind., August 18, 1941.

Mr. J. Douglas Brown,
Chief, Priorities Branch, Labor Division,
Office of Production Management, Washington, D. C.

Dear Mr. Brown: Since I am secretary of the Cooperative Committee of Muncie (nonpaying) and manager of the Muncie Chamber of Commerce (paying job) I am answering your letter of the 13th instant about nondefense production here.

I am glad to know that members of your staff conferred with workers' representatives of the Warner gear division lately. I had been so informed.

Herewith am sending list of our industries together with average employment figures.

The average total employment here now is 16,000 in industry of all kinds according to our latest check which was last month. There hasn't been much change either up or down since. Up to date, exclusive of Chevrolet Muncie division, General Motors Corporation, makers of aluminum forgings and transmissions, and the Delco Remy battery division, General Motors Corporation, Muncie industries have had approximately $10,000,000 worth of prime and subcontracts since January 1. Much of this total has already been produced. Total figures on local General Motors plants defense business are not obtainable because the local managers do not know what proportion is defense and nondefense business. It is likely that the central office, General Motors Corporation, Detroit, is able to segregate this business.

The average rate of annual manufactured production here now is on a basis of about $85,000,000, therefore, you can readily see that many of our plants would be directly and seriously affected in case of drastic reduction in materials and supplies to them because of their nondefense production. Such reduction would probably directly affect from 8,000 to 10,000 employees.

As many of our plants are in metal production of one description or another, they would need continuous supply of steel, scrap, copper, brass, etc., mainly, and a continuous flow of defense orders.

From two to three times a week this office sends to a list of about 60 manufacturers the bulletin information of the Defense Contract Service, Office of Production Management, Chicago office. Some of our industries have benefited from it.

If an orderly change-over from nondefense to defense business is worked out, we won't have any difficulties at Muncie, and that is what should be done. We cannot overcome overnight the neglect and mistakes of the past 8 years in not properly preparing during that time for the defense of our country. Furthermore, we cannot afford to throw millions of our people in this country out of work at this time; the consequences upon our country and its people would be disastrous.

Mr. Henderson's plan, if put into drastic and violent effect at this time, probably will cause much suffering, strife, and likely an uprising among our people. There is no need nor good reason for such disruptive and detrimental plans for defense purposes or in its name.

Washington must know by this time that the small industries and businesses of our country are its backbone. Without them and their employees, our country cannot survive. Muncie is a small industry town; its industries make more than 200 different articles of commerce, and some of these articles are shipped throughout the world in normal times. There are hundreds of such cities in this country.

If I can give you any additional information please let me know.

Sincerely,

LESTER C. BUSH, *Manager.*

[COPY]

OFFICE OF PRODUCTION MANAGEMENT,
Washington, D. C., August 12, 1941.

Mr. LESTER C. BUSH,
Secretary, Cooperative Committee of Muncie,
Muncie, Ind.

DEAR MR. BUSH: I have your letter of July 28 enclosing resolutions adopted by the Cooperative Committee of Muncie, Ind., concerning a suggested 50 percent curtailment of automobile production.

This office is carefully examining this problem with a view to assuring the achievement of defense objectives with a minimum dislocation of labor. It is a matter of the deepest concern to me.

We are glad to have your comments on the effect of the suggested curtailment on employment, pay rolls, and industrial production in Muncie. Please be assured that whatever decision may be adopted, it will be arrived at only after most mature deliberation and after giving full weight to the considerations you point out.

Sincerely yours,

SIDNEY HILLMAN.

MUNCIE CHAMBER OF COMMERCE, INC.,
Muncie, Ind., August 16, 1941.

Hon. SIDNEY HILLMAN,
Associate Director, Office of Production Management,
Washington, D. C.

DEAR MR. HILLMAN: Acknowledging your letter of the 12th instant, in which you say that proposed curtailment of nondefense production "is a matter of the deepest concern to me."

We fully appreciate your difficulties together with others concerned in this problem.

You know that the livelihood of thousands of employees and their dependents is of the greatest concern to us here, hence our most active and aggressive interest in preventing the closing down of factories and the consequent loss of employment to thousands of people in this city and county.

Not only are the industries and their employees affected but also general business and the great body of our taxpayers, all of which deeply concerns us too.

We reiterate the point of our resolutions that we "strenuously and vigorously oppose such proposed curtailment of nondefense production in our industries until such time as sufficient national-defense business is placed with such industries and their employees as to offset and prevent the closing down of any Muncie industries or any part thereof, and consequent unemployment of their employees," and we mean every word of it.

To throw thousands of our people out of work now when they have only had about 3 months of full employment, it seems to us, would be almost treasonable and certainly would amount to a high crime against them. We have already had in the past 8 years, too much unemployment in this country considering the fact that we live in the greatest and richest nation on earth.

The greatest freedom we can have beyond our citizenship in this country is the right of an equal opportunity for all of our citizens to have gainful employment to provide the necessities of life.

To deprive any of our people now, or at any time, of such rights amounts eventually to destroying our country. Of what use are the so-called four freedoms if the fredom of the right to work and obtain a living is destroyed?

Surely someone in Washington has found out by this time that this country survives and lives because of small business and its resultant employment. Muncie is a small-industry town. We have about 100 industries and the greatest employment in any one factory now is 3,000. We produce more than 200 different articles of commerce, some of which, in normal times, are sold throughout the world. Our industrial people are now making a monthly average of $2,000,000 in pay rolls, the highest in the history of this community. Our industrial business now is running at the average annual rate of $85,000,000 and less than 15 percent of it is national-defense business. Every one of our industries is eager and willing to do national-defense business of some kind or other.

How can our people pay taxes, buy bonds, and make a living for themselves and their dependents, if they cannot have work?

About 16,000 of our people here and in surrounding territory work in Muncie factories. They must have work to live and do all of the other things required of them in these times. All we ask is that orderly change-over from nondefense to defense work be pursued to prevent closing of any of our factories and unemployment of our people.

Sincerely,

Lester C. Bush, *Secretary.*

Cooperative Committee of Muncie, Ind.

Organizations represented in the Cooperative Committee of Muncie (four members each) are:

City of Muncie, Ind.; Delaware County Farm Bureau; Delaware County Industrial Union Council; Muncie Central Labor Union; Muncie Chamber of Commerce, Inc.; Muncie Merchants Association, Inc.; Muncie Ministerial Association; Muncie Real Estate Board; Vocational Department, City Schools; Center Township trustee; Center Township assessor; county board of commissioners; county council; and Muncie Chamber of Commerce, the manager of which is secretary of the committee.

LETTER SENT TO THE PRESIDENT OF THE UNITED STATES AND MEMBERS OF CONGRESS

Cooperative Committee of Muncie, Ind.,
July 28, 1941.

Dear Representative: I am directed to send you the enclosed resolutions adopted by the above-named Cooperative Committee of Muncie, Ind., upon the proposed Leon Henderson plan for curtailment of civilian-goods production.

Wish to advise that many of the large industries of Muncie are automotive-parts producers. Curtailment of passenger-car and other civilian-goods production, without first giving such industries national-defense orders to supplant civilian-goods production, would result in closing down, partially or entirely, many of Muncie's industries and consequent unemployment for several thousand employees.

Less than 15 percent of all Muncie manufactured products now is national-defense business. About 16,000 people are now employed in Muncie industries; monthly pay rolls average $2,000,000; and the value of Muncie manufactured products now would average about $85,000,000 annually.

Obviously you can see the justice of points made in accompanying resolutions. We hope that you will help curb the proposed Henderson plan until enough national-defense business can be allotted to Muncie manufacturers to offset and prevent loss of business by our industries and loss of employment by their employees.

Thank you for consideration.

Yours sincerely,

Cooperative Committee of Muncie, Ind.,
Lester C. Bush, *Secretary.*

RESOLUTIONS

Following are resolutions adopted by the Cooperative Committee of Muncie, Ind., at meeting held at the Chamber of Commerce Building, July 25, 1941:

Whereas newspaper and radio commentators report that Leon Henderson, Administrator, Office of Price Administration and Civilian Supply, is about to curtail the production of civilian goods including passenger automobiles, by limitation of and, in many instances, completely cut off supplies, equipment, and material to nondefense industries and production; and

Whereas such proposed curtailment and cutting off of supplies, equipment, and materials would result in closing down completely of more than one-half of the industries of Muncie and the consequent unemployment of many thousands of industrial employees; and

Whereas such unemployment would greatly increase the poor-relief taxes upon all the people of Muncie and Center Township and otherwise create undue, violent, disruptive, and detrimental effects upon industrial, wholesale, and retail business of this community; and

Whereas such proposed curtailment of nondefense production by Muncie industries and employees is contrary to all human rights and privileges especially the right of an equal opportunity for all of our citizens to have gainful employment to provide the necessities of life: Therefore, be it

Resolved, That this committee hereby strenuously and vigorously opposes such proposed curtailment of nondefense production in our industries until such time as sufficient national-defense business is placed with such industries and their employees as to offset and prevent the closing down of any Muncie industries or any part thereof, and consequent unemployment of their employees; and

Resolved, That no such curtailment actions, disturbing and detrimental to our ocal, State, and National welfare, be undertaken until the facts and necessities therefor have been fully and exhaustively investigated and thereafter acted upon by the Senate and the House of the Congress of the United States; and be it further

Resolved, That a copy of these resolutions be sent to the President of the United States; Associated Directors William S. Knudsen and Sidney Hillman, Office of Production Management; Harry Hopkins, Office for Emergency Management; Leon Henderson, Administrator, Office of Price Administration and Civilian Supply; Senators Frederick Van Nuys and R. E. Willis; Representative R. S. Springer; Hon. H. F. Schricker, Governor, State of Indiana; and Hon. Ira J. Wilson, mayor, city of Muncie; the constituent organizations of this committee; and the local newspapers.

Report on Cooperative Committee's Organization and Activities on Defense Business

After conference between Congress of Industrial Organizations and Chamber of Commerce representatives early in February, Cooperative Committee of Muncie was formed with four representatives each from American Federation of Labor, Industrial Union Council, city administration, chamber of commerce, and Merchants Association. First meeting was held on Friday night, February 14. Weekly meetings were held until March when bimonthly meetings began. On April 11 the Farm Bureau, Real Estate Board, Ministerial Association, and vocational department, city schools, were invited to join with four representatives each, which invitation was accepted. At the August 8 meeting township trustee, township assessor, and one representative each of county commissioners and county council were invited to join committee's activities, which invitation has been accepted.

Committee's decisions must be unanimous. A chairman is selected at each meeting from representatives present. Nineteen meetings have been held to date.

CHAMBER SUPPLIES FINANCES AND SERVICES

The committee as such has no funds therefore, the chamber of commerce has paid all expenses of every kind to date, amounting to several hundred dollars. The chamber's manager has served as secretary to the committee, without pay, and the chamber offices have been used for meetings without charge, all of which the chamber has been glad to supply.

NATIONAL-DEFENSE BUSINESS

Plans for obtaining more national-defense business were discussed at the first meeting, Friday night, February 14, 1941. It was agreed that letters should be sent to every industry in Muncie and Delaware County, offering the committee's services in getting national-defense business. Letters were sent out and some responses were received. Letters were also sent to Wm. S. Knudsen and Sidney Hillman, associate directors, Office of Production Management; the President of the United States; Senators Van Nuys and Willis; and Congressman Springer, urging Muncie's needs for national-defense business. Letters were received from each of parties mentioned, stating that Muncie and Delaware County industries would receive consideration.

Letters were also sent to Morris L. Cooke and Robert Mehorney, of the labor and defense contract services, Office of Production Management, asking their assistance and replies were received assuring consideration.

Lists of Indiana national-defense contracts have been supplied to the committee as requested.

Letters were received from C. E. Wilson, president, General Motors Corporation, and A. P. Sloan's office, chairman, General Motors Corporation, in response to committee inquiries, assuring it that city and county would be considered in any corporation future developments.

Unemployment compensation statistics were sent to Messrs. Knudsen and Hillman suggesting the need for national-defense business for city and county industries. Replies stated that local needs would be considered.

Committee representatives attended Daniel Hoan meeting, Ball State Teachers College, Friday night, March 14, because of Mr. Hoan's membership on the National Defense Board's Advisory Council, and to provide a valuable contact at Washington.

Pamphlets on selling to the Navy, Army purchase bulletin, and Treasury Department's purchasing list were sent to all city and county industries for their use in bidding on national-defense business.

Letters were read at March 28 meeting from Sidney Hillman, G. O. Cox, Washington, and A. L. Olson, Chicago, representing the Defense Contract Service, Office of Production Management, regarding cooperation in getting national-defense business for city and county.

About 50 local industries were asked for lists of their machine tool equipment, and many responses were received. Some indicated that they were employed to capacity while others were ready to accept additional business.

Several committeemen attended former Governor Townsend meeting at Indianapolis, Thursday, April 3, to confer with him and Pearce Williams of Labor Division, Office of Production Management, Washington. Assurances were obtained from former Governor Townsend and Mr. Williams that local industry interests would receive consideration.

The secretary, at chamber of commerce expense, contacted Maj. A. C. Rasmussen, Ordnance Department, Cincinnati office, looking for business. Assured that local factories already had some ordnance business and others would get contracts which has proven true in the instances of Muncie Gear, Glascock Bros., Durham, and others. Ordnance department now has a suboffice in Johnson Building.

Prime and subcontracts.—About $10,000,000 worth of prime and subcontracts for national-defense business have been given to Muncie and county industries since January 1 and up to August 1. This figure does not include defense business at Chevrolet and Delco Remy where exact amounts of such business cannot be determined.

Several plants have expanded because of defense business such as Muncie Gear, Chevrolet, Durham, Maxon Premix, and others. Some plant facilities have been largely employed on defense prime and subcontracts.

Defense contract service.—From two to three times per week during the past 3 months, the chamber of commerce has sent to a list of about 50 industries in the city and county, the Defense Contract Service, Chicago, information about subcontract jobs available from different manufacturers in the several States covered by the service.

Some business has been obtained by local manufacturers from the Service's information. How much in dollars I am unable to say at this time. No accurate figures are obtainable.

Priorities.—We have assisted several manufacturers in supplying them with information as to how and where priorities can be obtained. Certainly by now, every manufacturer is well informed as to this subject. The difficulty usually encountered is to get materials and supplies even though priorities have been obtained, due to the increasing demand for defense materials and supplies, and the lack of machine tools, materials and supplies now available. This situation is not common to Muncie alone but prevails in every industrial section of the country. Time alone can provide the remedies.

Washington trip.—While at Washington in the last days of April attending the United States Chamber of Commerce meeting, I called on former Governor Townsend, Pearce Williams, Senators Van Nuys and Willis, and Congressman Springer, and others, and discussed Muncie's industrial situation. I received assurance from all contacted that Muncie's interests would be given consideration.

Messrs. Fisher, Plymale, Sullivan, Herron and this writer, discussed Muncie's industrial problems with Governor Schricker, at Indianapolis, during this period.

Industrial housing has been discussed at several meetings and R. Earl Peters, director, Federal Housing Administration, Indianapolis, has said that a housing survey of Muncie would shortly be made, to determine necessity for a defense-housing area.

Henderson curtailment plan.—Attached hereto and made a part of this report is a resolution unanimously adopted by the committee against the proposed Leon Henderson plan for curtailment of nondefense industrial production.

It will be noted that the resolution specifically and "strenuously and vigorously opposes such proposed curtailment of nondefense production in our industries until such time as sufficient national-defense business is placed with such industries and their employees as to offset and prevent the closing down of any Muncie industries or any part thereof, and consequent unemployment of their employees."

These resolutions were sent to every Senator and Congressman, the President of the United States, Associate Directors William S. Knudsen and Sidney Hillman, Office of Production Management; Harry Hopkins, Office for Emergency Management; Leon Henderson, Administrator, Office of Price Administration and Civilian Supply; Senators Van Nuys and Willis, Congressman Springer, Governor Schricker, and Mayor Ira J. Wilson.

I regard the Henderson plan for curtailment of nondefense industrial production as the most important issue now before all of our citizens. If it should be put into effect without first providing enough national-defense business to offset nondefense losses, thousands of our industrial workers would literally be walking our streets unemployed. I sincerely hope that some way or another can be devised immediately to prevent such dire and undeserved consequences. There is no need for such an unemployed situation to arise becuse plans can be worked out to prevent such baleful happenings and still get desired defense production.

Everyone's energies and efforts should be immediately directed toward preventing any unemployment whatsoever in this country. There is absolutely no need for it under the circumstances, and an orderly change-over from nondefense to defense business can be devised.

CONCLUSION

I have heard reports that some industries here do not want defense business. Nothing could be further from the truth. Even a modicum of common sense used would give the answer that anyone who could make an extra dollar now or any other time would raise heaven and earth to do so.

The committee has handled many other subjects during its existence. Among them are the resolutions against sale of oil and gasoline to Japan and "gasolineless" Sundays; resolutions asking for a $2,000,000,000 reduction in the domestic Federal Budget sent to all Senators and Representatives; daylight saving time discussion; bootlegging of beer and liquor in city and county; county housing authority management; living and housing costs here; widening of Mulberry Street; and other important subjects affecting the lives and interests of the people of our city and county.

In these stressful times there is great need for the exercise of plenty of patience and forbearance among our people. Half-baked, spurious plans and ideas should be given most careful examination.

EXHIBIT 45.—AIRPLANE ENGINE AND CARGO TRUCK MANUFACTURE IN SOUTH BEND, IND.

REPORT BY THE STUDEBAKER CORPORATION, SOUTH BEND, IND.

A brief summary of the defense activities of the Studebaker Corporation will be helpful in understanding our position and the reasons why we do not have a serious labor migration problem.

At the present time the Studebaker Corporation is engaged in two major defense activities. It is preparing to build Wright airplane engines for the United States Air Corps, and it is producing 6 by 6 cargo trucks for the United States Army.

The aviation engines are to be produced at three plants—South Bend, Chicago, and Fort Wayne, respectively. Active construction of these three plants is under way at the present time.

The Studebaker Corporation received an educational order for five hundred 6 by 6 Army cargo trucks. Production on this educational order started in June and has been completed. Further orders calling for 4,960 trucks of the same type and a supplementary order for 754 trucks have been received. Production on the two subsequent orders started on September 15 and it is expected that the orders will be completed before December 31.

The Army trucks are being produced on our truck assembly lines in South Bend, lines capable of producing both civilian commercial units and Army units.

A study of special projects under consideration for the United States Army is being carried out by our engineering staff at South Bend.

As can be seen from this summary, for the period under review Studebaker was not engaged in actual defense work on a large scale, the bulk of its defense activities having consisted of development and construction work looking toward future production. The construction work on the aviation engine plants is being done by contractors and does not involve the use of Studebaker workers. The Army truck educational order was the only defense work Studebaker engaged in during the period which required the use of a part of its labor force.

1. *Past and future employment.*—It is believed that the most active picture as to our past and future labor requirements can be given through the use of data covering hourly workers only. In the absence of specific instructions on this point, the information given applies only to such workers.

The following is a statement of the average number of workers on our pay roll, by months, for the past year, that is, from August 1, 1940, to August 1, 1941, classified as between our automobile and truck manufacturing plant operations at South Bend, the automobile assembly plant operations as Los Angeles, and our aviation engine division. Since the figures for the aviation division are small no attempt is made to classify them as between the three aviation plants.

	Automotive division, South Bend	Automotive assembly plant, Los Angeles	Aviation division	Total
August 1940	5, 573	129	------------	5, 702
September 1940	7, 099	392	------------	7, 491
October 1940	7, 164	438	------------	7, 602
November 1940	7, 161	429	10	7, 600
December 1940	7, 227	427	10	7, 664
January 1941	5, 835	336	28	6, 199
February 1941	6, 734	333	44	7, 111
March 1941	7, 261	340	63	7, 664
April 1941	7, 511	360	75	7, 946
May 1941	7, 684	358	97	8, 139
June 1941	7, 803	360	124	8, 287
July 1941	7, 589	354	164	8, 107

The educational order for Army cargo trucks on which deliveries started in June was manufactured coincidental with the production of civilian commercial units. Because of the smallness of the order and the fact that the same labor force produced both Army and civilian units, it would be difficult to segregate for statistical purposes the exact number of men engaged in such defense production. Accordingly, no attempt is made in the above table to make such a segregation.

Future labor requirements for defense and civilian purposes necessarily depend upon several factors:

1. Any variation of future aviation engine production from schedules called for by present plans.

2. The extent to which production of passenger cars and commercial vehicles for civilian consumption may be further curtailed by reductions in the present tentative quotas established by the Office of Production Management.

3. The extent to which Army cargo trucks may be produced beyond the quantities called for in the orders we now have.

4. The amount of labor necessary to produce additional defense production now under consideration.

These questions cannot be resolved for the purpose of making accurate estimates at this time and we can, therefore, only submit estimates based on present plans.

In considering these and subsequent figures, it should be noted that it is probably not practicable to transfer any appreciable number of our labor force from the South Bend plants to defense activities in Chicago and Fort Wayne.

Our present plans call for eventual defense employment of hourly workers in our aviation division as follows: South Bend, 4,500; Chicago, 4,000; Fort Wayne, 1,400.

This employment will be built up gradually from now until May 1942, at which time we should reach the maximum employment called for by present plans.

Tentative quotas have been established by the Office of Production Management for Studebaker passenger-car production, by months, through July of 1942. If these quotas are adhered to, employment in our South Bend passenger car division should decrease to a labor force of approximately 3,900 workers by July of next year. Our truck division now employs approximately 1,500 men and this force should be maintained at this level if additional Army truck orders are received, or if the production of civilian commercial units is not sharply curtailed in the future.

These figures on our requirements of hourly rate workers will be increased if Studebaker receives orders for additional defense work.

This long-range estimate indicates that over a period of time Studebaker should be in a position to absorb labor lay-offs due to decreased passenger-car production into its defense activities. This is not so certain during the interim before large-scale employment gets under way in the aviation division, but if additional defense projects on which we are now working should materialize into actual production, there should be no material temporary unemployment among the Studebaker labor force.

The Los Angeles assembly plant is in approximately the same position. Curtailment in passenger-car production will necessarily result in reduced labor requirements in those plants. Subcontracting work appropriate to the facilities of the Los Angeles plant, however, is under serious consideration and if work of this kind is obtained, it seems very probable that no serious lay-off problem should occur.

2. *Hires.*—Hires in South Bend, Los Angeles, and the Aviation Division have been as follows during the past year.

	Automotive division, South Bend	Automotive assembly plant, Los Angeles	Aviation Division
August 1940			
September 1940	1,526	263	
October 1940	65	46	
November 1940			10
December 1940	66		
January 1941			18
February 1941	899		16
March 1941	527	7	19
April 1941	250	20	12
May 1941	173		22
June 1941	119	2	27
July 1941			40

The hires in September 1940 resulted from increasing our labor force to build up production following the August shut-down for new-model change-over purposes. The increase in the labor force in the first part of 1941 also was necessitated by increased production during that period.

As stated above, it is difficult to classify hires for the passenger car and truck divisions as between men engaged for defense and nondefense activities. However, the number of men hired for strictly defense work was small during that period.

Transfers from the automotive division in South Bend to the aviation-engine division in South Bend have been small during the period because of the lack of demand for such workers from the latter division. Total transfers to September 10 amounted to but 47 workers.

3. *Composition of labor force.*—We regret that we cannot submit any recent study as to the composition of our labor force. Studies have been made from time to time covering the various points raised on matters in which the committee is interested, but these are not sufficiently recent to be of present value.

Summary.—Studebaker believes that by a careful handling of its labor force and its future production schedule it will not be faced with the prospect of having a substantial number of men laid off as a result of the curtailment in passenger-car production. Such a problem should not arise if passenger-car production is not decreased below the quotas now established for the 1942 model year.

The corporation feels that through a conscientious and careful effort it has to a fair extent anticipated this problem and provided methods of meeting it in such a way that no substantial amount of unemployment should result.

EXHIBIT 46.—EFFECT OF CUT IN AUTOMOTIVE OUTPUT ON GLASS INDUSTRY (A)

REPORT BY H. H. BAKER, VICE PRESIDENT, LIBBEY-OWENS-FORD GLASS CO., TOLEDO, OHIO

SEPTEMBER 15, 1941.

On the relation of employment in the plate-glass industry to employment in the automobile industry, based on the statistical record of the last 5 years: (These figures cover our total employment; however, Shreveport and Parkersburg have very little to do with the manufacture of glass for the automotive industry.)

	1936	1937	1938	1939	1940
No. 1. Charleston	1,210	1,680	933	1,268	1,498
No. 2. Shreveport	410	611	453	490	544
No. 3. Parkersburg	294	279	169	186	184
No. 4. East Toledo	1,001	944	617	765	1,074
No. 5 and 7. Ottawa	1,131	1,735	1,237	1,406	1,336
No. 6. Rossford	1,438	1,292	834	1,184	1,277
No. 8. Toledo Safety Glass	1,530	1,402	699	1,044	1,002
Total	7,014	7,943	4,942	6,343	6,915

A tabulation for the last 12 months, giving monthly employment in each of our plants and indicating what proportion of employment in each plant may be allocated to employment for the automobile industry is attached.

This distribution, showing the allocation of employees to the automobile industry, is necessarily an arbitrary distribution, in cases where the plant is not wholly concerned with the production of glass for the automobile trade. However, it represents our best judgment.

A forecast of employment in each of these plants extended as much as possible, taking into account the recently announced cut in automobile production, follows:

No. 1. Charleston	1,211
No. 2. Shreveport	333
No. 3. Parkersburg	175
No. 4. East Toledo	902
Nos. 5 and 7. Ottawa	
No. 6. Rossford	1,047
No. 8. Toledo Safety Glass	718
Total	4,386

The main production facilities of the flat glass industry, and of Libbey-Owens-Ford Glass Co. in particular, are not easily adjusted to defense production, except as it involves the production of glass products. At the present time we are manufacturing glass for airplanes, tank mirrors, periscope lenses, searchlight segments, porthole lights, glass for cantonments, mirrors for cantonments, observation towers, gas-mask lenses, screens for fluoroescent lighting, etc.

We are at the present time exploring the possibility with the airplane manufacturers for the probable assembly of canopies. We are also exploring the possibility of additional machine-shop work, to absorb what may be excess capacity. It is practically impossible at this time to estimate the number of employees that might be involved in such work.

Libbey-Owens-Ford Glass Co. employment data, September 1940 through August 1941

	No. 1 Charleston		No. 2 Shreveport		No. 3 Parkersburg		No. 4 East Toledo	
	Total employees	Allocated employees to automobile industry	Total employees	Allocated employees to automobile industry	Total employees	Allocated employees to automobile industry	Total employees	Allocated employees to automobile industry
1940								
September	1,419	596	506	----------	207	----------	1,125	855
October	1,584	649	599	----------	172	----------	1,118	559
November	1,710	701	604	----------	160	----------	1,108	1,075
December	1,809	579	509	----------	152	----------	1,098	1,087
1941								
January	1,819	546	511	----------	147	----------	1,109	876
February	1,792	466	507	----------	130	----------	1,111	878
March	1,789	501	504	----------	144	----------	1,114	925
April	1,855	612	502	----------	140	----------	1,116	870
May	1,860	595	505	----------	150	----------	1,159	811
June	1,859	521	510	----------	149	----------	1,163	768
July	1,884	528	616	----------	156	----------	1,155	785
August	1,953	644	629	----------	223	----------	1,171	785
Average	1,778	578	542	----------	161	----------	1,129	856

	Nos. 5 and 7 Ottawa		No. 6 Rossford		No. 8 Toledo Safety Glass		Summary	
	Total employees	Allocated employees to automobile industry	Total employees	Allocated employees to automobile industry	Total employees	Allocated employees to automobile industry	Total employees	Allocated employees to automobile industry
1940								
September	1,313	1,313	1,288	863	900	783	6,758	4,410
October	1,390	1,390	1,308	1,125	927	779	7,098	4,502
November	1,370	1,370	1,354	1,070	945	841	7,251	5,057
December	1,377	1,377	1,396	1,201	956	851	7,297	5,095
1941								
January	1,362	1,362	1,423	1,281	981	834	7,352	4,899
February	1,301	1,301	1,402	1,122	986	878	7,229	4,645
March	1,590	1,590	1,434	1,075	995	905	7,570	4,996
April	1,591	1,591	1,458	1,123	994	875	7,656	5,071
May	1,655	1,655	1,455	1,149	1,000	870	7,784	5,080
June	1,636	1,636	1,498	1,109	995	836	7,810	4,870
July	1,587	1,587	1,473	928	973	632	7,844	4,460
August	1,242	1,242	1,454	1,003	971	728	7,643	4,402
Average	1,451	1,451	1,412	1,087	968	819	7,441	4,791

EXHIBIT 47.—EFFECT OF CUT IN AUTOMOTIVE OUTPUT ON GLASS INDUSTRY (B)

REPORT BY LELAND HAZARD, GENERAL COUNSEL, PITTSBURGH PLATE GLASS CO., PITTSBURGH, PA.

SEPTEMBER 16, 1941.

This company operates six flat glass plants—three producing plate glass and three producing sheet (window) glass; both polished plate glass and sheet glass are used to produce laminated safety glass for automotive vehicles.

A recapitulation for all flat glass plants will show that a of total of 7,839 employees, 49 percent, or 3,858 are engaged in production of glass for automotive vehicles, and that the number of these employees will decrease in direct proportion to the decrease in production of automotive vehicles.

Attached is a chart showing comparison of employment in the automotive industry and employment in the flat glass division of Pittsburgh Plate Glass Co. for the years 1936 to 1940, both inclusive. This chart constitutes graphic evidence that unemployment in the flat glass division of Pittsburgh Plate Glass Co. bears a direct relationship to reduction in automotive production.

The following tabulation will indicate the extent to which facilities of this company are now engaged or may be engaged in direct defense work.

Unit	Number of employees	Percent engaged in direct defense work	Percent available for direct defense work
Machine shop No. 2, Ford City, Pa	217	42	75
Machine shop No. 9, Crystal City, Mo	60	50	50
Machine shop No. 1, Creighton, Pa	22	50	50
Works No. 6, Ford City, Pa. (optical glass, other special glasses, e. g., port lights)	626	21	30
Works No. 4, Ford City, Pa. (bent safety glass for airplanes, parabolic reflectors, etc.)	1, 800	2	5

We regard the flat glass industry as an essential industry. Glass products are going directly and indirectly into the national-defense program. A partial list of the uses includes airplanes, naval vessels, military trucks and motorized equipment, optical glass, gas masks, glazing for airports and hangars, glazing for factories producing military supplies, glazing for Army cantonments and defense housing, glazing for transportation equipment, etc. Despite the foregoing, the fact remains that a total curtailment of automotive production would directly and indirectly dislocate approximately 4,000 of this company's employees; a 50 percent reduction in automotive production will dislocate approximately 2,000 of this company's employees. The number dislocated at any intermediate point can be readily determined. At a number of plant locations this company provides practically the only source of employment, with the result that suspension of operations would seriously disrupt the local economy.

Concerning the extent to which the glass industry in general, and this company in particular, is adaptable to defense production and a forecast for the next 12 months in that regard, we regret to state that so far as we know, plant equipment for the production of flat glass is not convertible to other uses, either military or nonmilitary. In modern production of flat glass a continuous tank operation is involved. The molten glass flows from a continuously operated tank onto and through annealing lehrs designed, in the case of plate glass, to produce a rough rolled glass, and in the case of sheet glass, to produce a fire-finished product. To produce polished plate glass the rough rolled glass is passed to grinding and polishing tables, where the final finished surface is produced by abrasive and polishing wheels.

This company is devoting intensive efforts in research, development, and technical application of glass products to defense purposes, and is making every effort to cooperate in every way with the defense program. The fact remains, however, that there are inherent limitations in the equipment essential to the production of flat glass which probably preclude any conversion of that equipment to other defense purposes.

Pittsburgh Plate Glass Co.

RECAPITULATION, ALL FLAT-GLASS PLANTS

[Record of actual average employment for 12 months ended Aug. 31, 1941, and forecast of unemployment incident to proposed curtailment of automotive production [1]]

	Number of employees 1	Percent engaged in automotive glass production 2	Number engaged in automotive glass production 3	The employment shown in column 3 will be reduced in direct ratio to the reduction of automotive production 4
Works No. 1	2, 123	87	1, 847	
Works No. 4	1, 760	12	211	
Works No. 9	2, 202	61	1, 343	
Works No. 10	492	22	108	
Works No. 11	452	36	163	
Works No. 12	810	23	186	
Total	7, 839	49	3, 858	

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[1] The employment figures above and in tables following reflect full-day continuous employment per man.

Pittsburgh Plate Glass Co.—Continued

WORKS 1—PLATE GLASS; CREIGHTON, PA.

	1	2	3	4
	Number of employees	Percent engaged in automotive glass production	Number engaged in automotive glass production	After 50 percent curtailment of automotive production, the employment shown in column 3 will be reduced by 50 percent
1940				
September	1,953	78	1,520	
October	2,023	85	1,720	
November	2,083	113	2,360	
December	2,261	71	1,600	
1941				
January	2,367	103	2,440	
February	2,366	76	1,800	
March	1,984	100	1,984	
April	1,892	87	1,640	
May	1,946	103	2,010	
June	2,022	81	1,640	
July	2,254	59	1,320	
August	2,323	82	1,900	
Average	2,123	87	1,847	

WORKS 4—PLATE GLASS; FORD CITY, PA.

1940				
September	1,648	10	165	
October	1,597	14	224	
November	1,724	12	208	
December	1,767	17	300	
1941				
Jauuary	1,785	16	286	
February	1,750	10	175	
March	1,702	17	290	
April	1,819	13	237	
May	1,835	12	220	
June	1,801	11	198	
July	1,837	7	129	
August	1,854	10	185	
Average	1,760.	12	211	

WORKS 9—PLATE GLASS; CRYSTAL CITY, MO.

1940				
September	2,233	51	1,140	
October	2,271	55	1,250	
November	2,264	58	1,310	
December	2,236	77	1,720	
1941				
January	2,207	75	1,660	
February	2,194	43	945	
March	2,178	76	1,660	
April	2,174	58	1,260	
May	2,189	66	1,440	
June	2,200	66	1,450	
July	2,211	49	1,080	
August	2,070	50	1,035	
Average	2,202	61	1,343	

Pittsburgh Plate Glass Co.—Continued

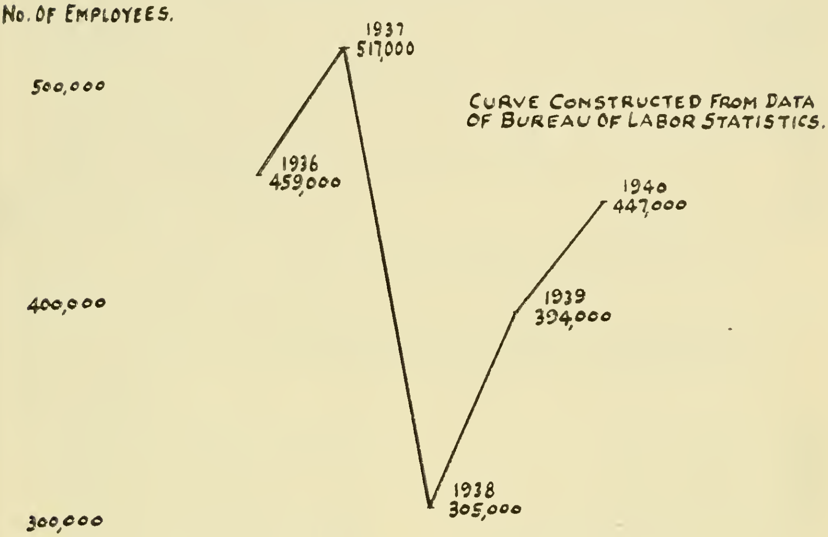
WORKS 10—SHEET GLASS; HENRYETTA, OKLA.

	1 Number of employees	2 Percent engaged in automotive glass production	3 Number engaged in automotive glass production	4 After 50 percent curtailment of automotive production, the employment shown in column 3 will be reduced by 50 percent
1940				
September	538	29	156	
October	508	15	76	
November	482	23	111	
December	486	16	78	
1941				
January	483	19	87	
February	492	17	84	
March	477	24	114	
April	481	25	120	
May	470	29	137	
June	502	26	130	
July	486	20	97	
August	499	19	95	
Average	492	22	108	
WORKS 11—WINDOW GLASS; MOUNT VERNON, OHIO				
1940				
September	474	34	161	
October	474	36	171	
November	473	30	142	
December	461	33	152	
1941				
January	472	37	175	
February	447	34	152	
March	419	41	172	
April	422	45	189	
May	428	39	167	
June	424	39	166	
July	465	37	172	
August	461	24	111	
Average	452	36	163	
WORKS 12—WINDOW GLASS; CLARKSBURG, W. VA.				
1940				
September	671	32	214	
October	775	26	201	
November	820	27	221	
December	857	22	188	
1941				
January	878	17	149	
February	890	19	169	
March	866	30	260	
April	791	26	206	
May	793	22	175	
June	796	22	176	
July	778	21	163	
August	800	19	152	
Average	810	23	186	

~ PITTSBURGH PLATE GLASS CO ~

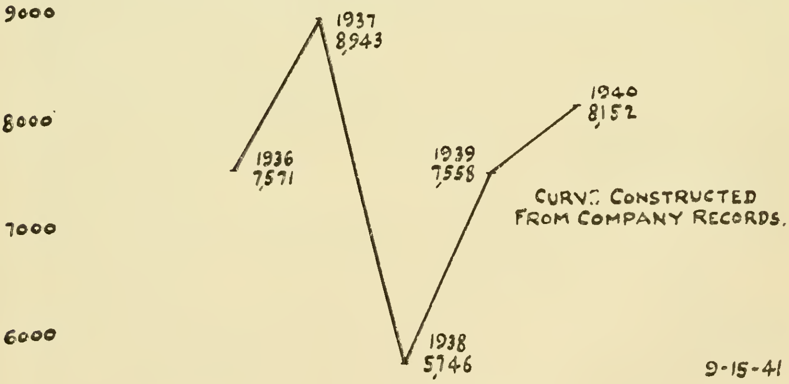
COMPARISON OF EMPLOYMENT.

AUTOMOTIVE INDUSTRY EMPLOYEES.



CURVE CONSTRUCTED FROM DATA OF BUREAU OF LABOR STATISTICS.

FLAT GLASS DIVISION OF PITTSBURGH PLATE GLASS CO.



CURVE CONSTRUCTED FROM COMPANY RECORDS.

9-15-41

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